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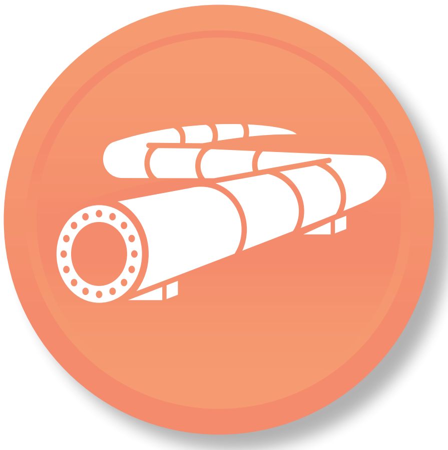
GLOBAL COMMODITIES FORUM

HARNESSING DEVELOPMENT GAINS FROM COMMODITIES PRODUCTION AND TRADE



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FOREWORD

The importance of commodities in the development process cannot be overemphasized. Commodities remain the major source of revenue for many developing countries. The surge in prices of numerous commodities over the last decade could be interpreted as a strong incentive to increase production levels and boost the declining share of commodities in total global trade. Ultimately, some of the benefits resulting from commodities production and trade should be targeted towards the achievement of development goals such as poverty reduction, food security and economic diversification.

In line with its mandate established in the Accra Accord, the third Global Commodities Forum provided UNCTAD with an opportunity “to build consensus on policies that allow developing countries to maximize the opportunities and address challenges of globalization and economic integration, and that promote an enabling environment for sustained economic growth and sustainable development”.

The Forum is an innovative and critical tool in UNCTAD’s work. The third Forum attracted a wide range of stakeholders, including government officials, representatives from international organizations, business leaders, academics and other experts. It served as a platform to discuss issues related to the development of supply chains in commodity-dependent countries.

The major issues discussed by participants during the Forum included: the financialization of commodities markets; food security, biofuels and agricultural investment; energy markets in developing countries; commodities trade and development; and commodity price volatility and trade finance. Particpants agreed that the increasing financialization of commodities markets has had an impact on short-term price movements. The major implications of this consensus include the need to take into account the links between financial and agricultural markets, as well as the concomitant need to rethink agricultural markets and policy issues.

Consensus was also reached with regard to the vulnerability of commodity-dependent countries. One of the policy implications thereof is the need to help developing countries strengthen the resilience of their institutions and markets, to prevent volatile international commodities prices from causing damage to production and exports. Several initiatives aimed at diversification and value addition were also presented during the Forum. One example was the Afreximbank’s Export Development Programme launched in 2002, through which financial support is provided for the production and export of manufactures, raw materials and intermediate goods. The Programme also provides technical assistance for the development of processing plants and capacity-building. This example highlights the need to establish a database of project owners, which would serve as a mechanism to link them with intermediaries that have access to the financial world.

Since its inception in 2010, the Forum has benefited from generous funding from a variety of donors. I would like to take this opportunity to express my gratitude to the Forum’s sponsors, whose generous financial support enabled us to host the 2012 Forum, with its enriching debate on identifying ways to increase the value commodity-dependent developing countries earn from their natural resources and redressing imbalances in commodities markets. In particular, I would like to thank the Government of Switzerland, Audit Control & Expertise, and Gaznat.

Supachai Panitchpakdi
UNCTAD Secretary-General

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I. INTRODUCTION

UNCTAD hosted the third Global Commodities Forum in Geneva on January 23-24 2012. The theme of the Forum was "Harnessing development gains from commodities production and trade". Financial support was provided by the Government of Switzerland, Audit Control & Expertise (ACE) and Gaznat.

Following the opening remarks made by H.E. Mr. Ibrahim Al-Adoofi, Vice-President of UNCTAD's Trade and Development Board, Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD, delivered his opening statement, in which he underlined the importance of the event's theme:

> *"We have all observed the significant increases in the prices of many commodities since 2002, and in particular since 2006. Yet, despite the resulting increase in the value of their chief exports, most commodity-dependent developing countries (CDDCs) have not been able to convert the windfall revenue into a diversification of their economies and sustainable development gains. From 2002 to 2010, the number of countries whose commodity exports represent more than 60 per cent of their merchandise exports, has risen from 85 to 91."*

The Forum was divided into two parallel streams, one dealing with the Forum's overall theme of harnessing development gains from commodities production and trade, and the other examining the development of supply markets in commodity-dependent countries. The topics addressed by the speakers during the plenary and parallel stream sessions may be divided into the following five areas:

- Financialization of commodities markets;
- Food security, biofuels and agricultural investment;
- Energy markets in developing countries;
- Commodities trade and development;
- Commodity price volatility and trade finance.

This report provides an overview of the discussions that took place during the Forum with regard to these five thematic areas.

II. FINANCIALIZATION OF COMMODITIES MARKETS

Although speakers at the Forum understood the term "financialization of commodities markets" in different ways, it was a recurrent theme in many participants' contributions. In the inaugural panel, Dr. David Hallam[1] noted that the financial crisis, together with the boom in commodities prices and the rise in prices of staple foods, had pushed certain issues to the forefront, in particular:

> *"The high and volatile prices we have observed over the last few years … have been the subject of quite intense international debate …: issues surrounding biofuel production and its impacts on food security, the impact of financial speculation, the impetus that these market circumstances have given to foreign direct investment and the so-called land grab, and … policy debates … on things like restrictive trade measures."*

These issues were echoed by many speakers during the course of the Forum. The discussions on financialization and speculation are covered in this section of the report, while commodities in relation to food security, "land grabs", biofuels and restrictive trade measures are discussed in the following section.

Addressing the issue of speculation, Mr. Ke Tang[2] observed that commodities had become a new class of financial asset and outlined the resulting consequences. Through the development of a theoretical model, he and two colleagues had demonstrated that financial investments distort commodities prices, which had begun to deviate from supply and demand fundamentals as investors increasingly bought into commodities as an asset class. He affirmed that, even though each commodity has its own real demand, the prices of different commodities move in line with each other when they are simultaneously subject to financial investment. These "correlations" between commodities prices have grown in recent years. However, since 2005, commodities prices and US dollar exchange rates have tended to move in opposite directions; this negative correlation has steadily grown since then due to investment by global investors in US commodities futures markets.

In explaining his findings, Mr. Tang observed that, with regard to oil and most other commodities, a close and stable relationship existed between the following four factors until 2005: the prices of both "nearby" and more distant futures contracts; commodities stocks; and the prices of physical commodities. This relationship operated via what economists refer to as the "convenience yield", which measures the benefit of holding physical commodities instead of futures contracts. In the difference between a spot and futures price, the convenience yield is the portion that remains after adjusting for the cost of money and storage. The yield is expressed as a percentage. The theory of storage holds that the convenience yield increases when commodities stocks decline, and vice versa. However, this relationship has broken down, as convenience yields and commodities prices no longer move in correlation. He considered that the greatest divergence was experienced in 2008, and the relationship has remained volatile since then.

The convenience yield will have much less explanatory power when there are large financial investments: it will be distorted by the presence of hidden stocks, indicating a price bubble. To an even greater degree than conventional speculators, present-day traders of commodities index funds, who buy numerous commodities simultaneously in the manner of a share index fund, make commodities prices depend on financial factors, thus causing them to deviate from fundamentals. This destabilizes prices and increases price volatility.

[1] Director, Trade and Markets Division, Food and Agriculture Organization of the United Nations (FAO).

[2] Associate Professor, Renmin University of China.

Further, Mr. Tang noted that various empirical studies, including his own, have shown that price shocks on futures markets cause physical (or "spot") commodities prices to move. This is because futures markets play a role in the "discovery" of prices, which leads them to be much more liquid than spot markets. The setting of spot prices therefore refers back to futures prices, so any distortion of futures prices due to financial investments will eventually transfer to spot prices and from there to the real economy.

Ambassador Richard Jones[3] said that the International Energy Agency (IEA) recognized that legitimate concerns had been raised about the possible impact that financial players could have on commodities prices, including oil prices. While the IEA's view was that physical fundamentals were the real key to understanding price trends over time, the Agency acknowledged that the financialization of commodities had some influence on very short-term price movements. Its oil market team had therefore broadened and deepened its coverage of derivatives markets in its monthly *Oil Market Report*. The team had also undertaken quantitative research on price drivers, linkages among different commodities, and the potential impact of regulatory changes.

Mr. Samir Zreikat[4] discussed the impact of price risks and volatility on commodities trading companies. When a financial crisis occurs in a global economy, access to cash becomes increasingly problematic, as holders of liquid assets look for safer investment solutions. In addition, commodities exchanges have been "polluted" by external actors. On the basis that commodities essentially require clear fundamentals, it was necessary to return to price volatilities that can be explained by those fundamentals. One suggestion was that commodities exchanges should be accessible only to "authorized dealers" who could prove that they play an active role in commodities trading. He also suggested that commodities exchanges should distinguish between trades made by commodities traders for the purpose of hedging and those made by pure speculators.

Professor Emmanuel Fragnière[5] described commodities exchange-traded funds (ETFs) - a more refined form of index fund - as "weapons of mass destruction" which will have a direct effect on commodities supplies should another crisis occur. In recent years, banks have developed ETFs for the commodities sector, thereby enabling investors to trade commodities that are traditionally based on futures contracts in the same way that they trade company shares, on the stock markets. However, an increasing number of commodities ETFs are now referred to as "synthetic" products, whereby the funds are not actually invested in the commodities specified. This suggests that the implications of ETFs are no longer fully understood, with potentially serious consequences. He stressed the need for the urgent implementation of regulatory measures.

Mr. Thomas Lines[6] went further, strongly recommending the dismantling of the entire superstructure of financial derivatives; only those derivative instruments that are of demonstrable use to the economy should survive. Similarly to the rules in force in many countries surrounding the licensing of medicines, permission should be granted only to those derivatives that can clearly demonstrate the absence of damaging side-effects. He observed that most commodities futures would be granted permission, but conceded that the wider change would be difficult to achieve.

Mr. Lines added that commodities trade is currently dominated by large investment banks rather than specialized commodities trading companies, as was previously the case. In the past, banks were restricted to providing banking services as inputs to commodities

[3] Deputy Executive Director, International Energy Agency.

[4] Director, Dealigents Sàrl.

[5] Professor, Geneva Business School.

[6] Independent consultant.

trade, but were not part of the markets themselves. However, by April 2010, four of the largest US banks were reported to have invested at least US$4 trillion of their own capital in commodities-related assets, such as international warehouses used by the London Metal Exchange.

The involvement of banks in both the financial and commercial aspects of commodities trade transactions raises potential conflicts of interest, both internally between the bank's different divisions as well as between the banks and their commercial customers. Mr. Lines suggested that regulations should be reintroduced to restrict deposit-taking banks to their more traditional financial role in commodities trade. Where any overlap remains between a bank's financial and commercial roles, regulations should be implemented to prevent potential conflicts of interest.

In his presentation, Mr. Daouda Fall[7] described one positive aspect of the financialization of commodities markets, namely the mobilization of investors' funds into actual projects. In Canada, all junior mining companies are listed on the TSX Venture Exchange, thereby raising billions of dollars to assist in the growth of their businesses. That approach should be replicated in Africa. "It's about making sure that we collateralize assets, we use services such as Cotecna, ACE and other providers … One of the solutions will be to ease the access to capital, and that's the benefit of the financial commodities markets."

Highlighting the difficulty of assessing whether a project is right for investment, Mr. Fall recommended that institutions such as UNCTAD help to establish a database of project owners, thereby linking them with intermediaries that have access to the financial world. While it was essential that those intermediaries should have direct contact with the farmers who require capital, identifying those farmers was not always an easy task; the database would therefore assist in that process. In that connection, strong ties should be created between the Multilateral Investment Guarantee Agency (MIGA), UNCTAD and insurance companies, thus providing reassurance to investors. UNCTAD and MIGA could also put their "label" on projects as an endorsement which would further encourage investors. Mr. Fall also favoured the emergence of regional commodities markets, developed with the assistance of international agencies.

Mr. Jean-François Casanova[8] discussed the mechanisms for mitigating risk, as well as those for expanding access to credit in trade and investment financing. Of importance to lenders and investors was: the global economic and financial environment, including regulation at home and abroad; political risk; counterparty risk; risk of credit default or non-delivery; market risk; price volatility; and the value of collateral. Banks were reintroducing loan securitization in an effort to retain their customers while shrinking their balance sheets. But this measure would not be sufficient to meet the financing needs for trade and infrastructure. An alternative would be to create a climate that attracts private foreign capital; this could involve promoting the Grameen micro-finance model and developing a fair environment for partnerships and joint ventures. Significant progress could be achieved in many countiries if bank credit was substituted for trade credit.

III. FOOD SECURITY, BIOFUELS AND AGRICULTURAL INVESTMENT

In the inaugural panel, Mr. Clem Boonekamp[9] said that the solution to food security must involve trade. He pointed out that there was enough food to feed everyone in the world, but that almost one billion people go to bed hungry. The underlying problem involved

[7] Chief Executive Officer, Brahms Consulting Company.

[8] Managing Partner, Strategic Risk Management.

[9] Director, Agriculture and Commodities Division, World Trade Organization.

the distribution of food from its source to its required destination. Although the solution to universal food self-sufficiency must involve trade, trade is not the answer to food security; it simply facilitates the distribution of food to its domestic or international destination. Trade should be part of a coherent economic strategy that takes into account other factors that are necessary for agricultural production and investment, including water policy, extension services and economic safety nets.

The World Trade Organization (WTO) has a fundamental role to play in enabling food security through trade. The Uruguay Round, which established the WTO, concluded with the creation of the Agreement on Agriculture. This was a landmark agreement: it constituted the first attempt on a multilateral level to bring about a more level playing field for agriculture. It does this by bearing down on domestic subsidies and improving international market access and export competition (including the role of export subsidies). Drawing attention to the wide relevance of market access, Mr. Boonekamp pointed out that 60 per cent of developing countries' agricultural exports go to other developing countries.

Dr. David Hallam added that there was an increasing recognition of the importance of connections between agricultural commodities markets and other markets, in particular energy and financial markets. Remarking that those new connections had changed the ways in which agricultural markets relate to one another, he cited the example of the current interaction between maize and sugar markets. However, these developments called for a rethink of agricultural markets and policy issues. He observed:

> *"How can we turn high prices on world markets into real benefits for small producers in commodity-dependent developing countries? There needs to be more focus on creating an enabling environment for smallholders to participate more fully, to raise their productivity, to participate in markets and to share in the benefits."*

In presenting the positive and negative aspects of "land grabs", Dr. Hallam said that various case studies had indicated that large-scale land acquisitions were problematic where local land rights were not clearly defined and governance was weak. Nevertheless, those studies had also revealed some positive findings, such as significant employment creation and evidence of increased local food availability. However, with respect to smallholder commodities production, there was a need for alternative business models and international action. In that connection, he highlighted the need to implement international rules for agricultural investment. FAO, UNCTAD, the International Fund for Agricultural Development and the World Bank had jointly drawn up seven principles for responsible agricultural investment that respects rights, livelihoods and resources. Those principles required further elaboration, based on continuing research.

Differing views on biofuels were expressed by Mr. Guillaume Leherpeur[10] and Mr. Christian Häberli[11]. Mr. Leherpeur noted that the development of biofuels was largely the result of the deregulation of agricultural markets. He compared the Brazilian, European, US and other models of biofuel investment and then asked whether biofuels could constitute a remunerative source of renewable energy in developing countries. Biofuels reduce dependence on fossil fuels, permit the establishment of electricity supply systems and reduce dependence on imported protein crops. For example, since the development of biodiesel, France has reduced its imports of South American soya by 25 per cent. The European model is based on pulverized ilseed; 35 per cent of each grain of rapeseed goes to producing biodiesel, but 60 per cent goes to animal feed and 5 per cent to glycerine.

[10] Independent trader and consultant.

[11] Senior Research Fellow, World Trade Institute.

However, any moratorium on biofuels would risk the appearance of new agricultural surpluses and a new price war, which in turn would be largely prejudicial to developing countries and would provoke stagnation in agricultural investment. In developing countries, biofuel exports should not be an end in themselves but a goal towards which to aim. For example, it would not make sense for an African country to develop biofuel exports based on sugar cane while continuing to import large amounts of sugar from Brazil. The general increase in food commodities prices suggested that agricultural investments would also accelerate, with biofuels constituting one possible outlet.

Mr. Häberli remarked, however:

> *"For biofuels I am an agnostic … I don't see the difference between biofuels and a commercial banana or coffee plantation, which do not always employ more people but consume as many resources and water, including so-called virtual water. The same would seem to go for the cash crop versus food crop debate … There is nothing wrong in exporting cut flowers and importing rice."*

Biofuels offered a renewable source of tradable energy for local use, subject to the availability of underused agricultural land, environmental sustainability and water. In Brazil, demand for biofuels provided what amounted to floor prices for producers of sugar cane and other commodities. In addition, biofuels assisted in the acceleration of rural, infrastructural and technological development and led to other advantages induced by foreign direct investment. However, biofuels have mostly been developed with the aid of subsidies (in the European Union and the United States of America) or through international transfer pricing by multinational firms (in Brazil). Many developing countries cannot compete on those levels. WTO requirements regarding the granting of subsidies, and import regulations, such as those used in the European Union, also pose problems. Mr. Häberli concluded that national food security can be hindered where the returns from increased agricultural productivity fail to reach the users of the land, or at a minimum to increase national income.

A framework conducive to both biofuels and food security would be difficult to achieve. Adequate national and international rules had yet to be developed. Public-interest clauses with specific national food security provisions should be developed, as well as international standards-based investment protection and public-impact assessments for food security. Investment contracts should be based on stakeholder consultations, ensure the effective protection of land tenure rights and be published. Measures should also be established to ensure economic, environmental and social sustainability throughout the entire project life cycle, including end-of-cycle commitments.

IV. ENERGY MARKETS IN DEVELOPING COUNTRIES

Speakers at the Forum discussed developments in specific commodities markets. Ambassador Richard Jones[12] provided an overview of the energy markets. In response to questions raised by participants, he affirmed that, according to the IEA , an estimated 1.3 billion people - amounting to at least one-sixth of the world's population, 500 million of whom live in Africa - lacked access to modern energy services, in other words, electricity. Lack of electrification is increasingly becoming an African problem. Over two billion people still relied on traditional fuels for cooking (i.e. wood and animal dung). The IEA has estimated that if some of the oil exporters in Africa devoted less than 1 per cent of their export earnings from petroleum, they would be able to remedy this problem in their own countries. The IEA was working on this issue in collaboration with the United Nations.

[12] Deputy Executive Director, International Energy Agency.

Mr. Joel Hanley[13] provided a case study of the oil sector in parts of sub-Saharan Africa. Mr. Tuna Oez[14] explained the role of liquefied natural gas (LNG) in the energy mix, while Mr. Nabil Alami[15] discussed the liquefied petroleum gas (LPG) sector with a focus on the fast-growing North African market.

Mr. Hanley discussed sub-Saharan Africa's two leading oil-producing countries, namely Angola and Nigeria. He traced the two countries' exports to China, India and other markets and highlighted the diversity of their outlets, which traditionally supplied oil to Asia, the Mediterranean, North-West Europe and the United States of America (USA), thereby setting them apart from other West African countries. However, China has revolutionized the buying of crude oil in sub-Saharan Africa and has stimulated a very healthy flow, particularly in Angola, with Nigeria not far behind. The ways in which other countries could buy African oil had also changed as a result.

Mr. Hanley concluded that although energy independence in Angola and Nigeria was crucial, it would not be easy to achieve. Political harmony was also vital, but was not readily attainable in a country as ethnically diverse as Nigeria. Resolving the problems with unions and calming down the recent disruptions arising from fuel subsidy problems would increase investor confidence and security. Long-term contracts with larger investors might also be part of the way forward.

On the other hand, Mr. Oez considered that a new age of gas was starting, boosting the demand and supply of gas as well as an increased substitution of oil with gas. LNG was well positioned in the world's energy mix and he foresaw its rapid development in fast-growing economies. The shale gas revolution had allowed the USA to build up its own source of LNG supplies, which in turn had pushed down its domestic gas prices. The USA is therefore set to become a major player in LNG: Cheniere, Chevron and ExxonMobil are already the biggest active players in the market. LNG produces fewer carbon dioxide emissions and other pollutants than other fossil fuels, although those statistics do not take into account the emissions generated by the ships that transport LNG.

Consisting predominantly of methane, LNG also has a flexible role in power generation. In relation to the energy mix, there should be minimum energy standards for the poor and maximum standards for the rich covering the following areas: lighting; cooking; water heating; space heating; cooling; information and communications; transport; and earning a living. There should be fair access for all, with greater transparency in the process of value creation and destruction. Power generation should be decentralized, including new technologies and renewables.

Mr. Alami said that current supply and demand conditions in the LPG market were problematic. LPG, which consists of propane and butane, represents a large part of the household energy bill in North Africa and elsewhere. Households are hard hit by increases in LPG prices: unlike the industrial sector, they can not pass cost increases along to customers; and converting to another fuel source is often expensive or even impossible. Although the situation was unsustainable at current market price levels, Mr. Alami opined that there would be no reduction in prices in the medium to long term. To reduce the impact of higher LPG prices, buyers should:

- Diversify supply to take advantage of geographical "arbitrage";
- Become involved in shipping (either by owning or chartering ships);
- Ensure sufficient storage capacity to capture differences in timing and seasonality;
- Use price-risk management tools.

[13] Associate Editorial Director, EMEA Crude Oil and Dirty Products, Platts.

[14] Independent gas trader.

[15] Trader, Dukkar SA.

In the context of the current sovereign debt crisis, Mr. Eric Schreiber[16] discussed the outlook for gold. He considered that the value of gold would continue to appreciate as the authorities remain concerned about deflation. Since the onset of the crisis, the sharp appreciation in the value of gold against all major currencies had been caused by macroeconomic factors (including negative real interest rates and the sovereign debt crisis), physical supply and demand (for example, increases in consumer and central bank demand outpacing mine output) and investment purchases (due to the use of gold as a defence against share price and other market shocks).

V. COMMODITIES TRADE AND DEVELOPMENT

In the second stream of the Forum, numerous speakers discussed specific issues relating to the ways in which commodities reach their markets. There were also wider discussions on the relationships between commodities dependence and development.

Dr. Masuma Zareen Farooki[17] considered the strategic use of commodities exports when discussing China's emergence and the reshaping of the global energy sector. China's economic impact was based on the following six factors: trade; finance; the environment; investment; global governance; and Chinese migration into other countries. In recent years, China has begun to outstrip its domestic production of oil, gas and coal. On a more positive note, China's development of renewable energy was leading to a reduction in the costs of equipment for that subsector.

In lieu of providing conclusions, Dr. Farooki asked several questions. The first set of questions focused on how a state should collect the resource rent available from oil and energy companies:

- How does a state decide to negotiate with a mining or oil company and what should it keep in mind when negotiating?
- Once collected, how should the rent be spent?
- Are present needs more important than future needs?

The second set of questions concerned industrialization through commodities trade:

- Can the resource sector be used as a basis to promote industrialization?
- Should states consider using commodities or energy products as a way of entering global value chains?
- Are there employment opportunities, besides those for foreign expatriates?

The third issue centred on investment returns and long gestation periods:

- What is the opportunity cost of tying up money for a long period in an energy or mining project?
- What possibilities exist for a country without its own oil, coal or gas?

Mr. Urs Rybi[18] discussed the state of the commodities trading hub in Switzerland. His organization conducted research into this issue for over a year, seeking to discover why resource-rich development countries stay poor while trading companies continue to grow at a rapid rate, as well as how trading companies conduct their business and the role Switzerland plays therein. Switzerland accounts for at least 15 per cent of world trade in commodities, including 35 per cent of oil trade and 50 per cent of coffee trade. This does not mean, however, that 35 per cent of the world's oil supplies physically pass through Switzerland; its energetic banking sector, which is well-established in relation to trade finance, together with its traditionally

[16] Head of Commodities, Union Bancaire Privée Asset Management.

[17] Visiting Research Fellow, Open University (United Kingdom).

[18] Commodities expert, Berne Declaration.

business-friendly regulations and certain tax advantages provide favourable conditions in which to trade oil. However, Swiss trading companies are often privately held, with opaque company structures. Further, they are increasingly involved in production and are determined “opportunity hunters” and risk-takers. The problems encountered, such as aggressive tax avoidance, corruption and bad corporate practices, can be overcome through transparency and corporate accountability.

By way of contrast, Mr. Matthew Parish[19] said that overdependence on commodities can be extremely detrimental to developing countries because most commodities have low price elasticity of demand: people will buy the same amount of oil or food, irrespective of the price. In turn, that feeds into price volatility, which causes multiple problems. “The connection between commodities trading and development is a tenuous one at best,” he argued. High price volatility makes it difficult to maintain steady income and spending streams and, therefore, to engage in long-term projects. Economic instability also makes credit more expensive. A classic problem resulting from such instability is referred to as “Dutch disease”, whereby commodities dependence leads to an increase in the value of a country’s currency: as foreigners seek to buy its commodities and the currency value rises, other domestic export industries suffer.

Overdependence on commodities also leads to “rent-seeking” behaviour, explained as the capture of earnings from commodities industries by a country’s political and commercial elite. Ensuring a general contribution from commodities to development goals and broader welfare objectives then becomes difficult to achieve. In the Russian Federation, a significant disparity emerged between a dominant class who benefited from the commodities boom and an underclass that fell behind. Mr. Parish suggested that the rapid growth in inequality in Russia over the last 20 years was connected with the commodities boom.

Among the options put forward to resolve this issue, he suggested horizontal diversification, for example by investing in tourism and education, and changing the tax and legal frameworks to attract foreign businesses. Another proposal was vertical diversification into commodities processing, as well as investment in infrastructure and other reforms to reduce the cost of finance.

Referring to the wider questions surrounding this issue, Mr. John MacNamara[20] observed that, “countries who make their own money make their own choices”. By contrast, countries that request financial assistance from the World Bank are then obliged to abide by the World Bank’s rules, which explained why cocoa farmers in Ghana enjoyed a good quality of life and earned a reasonable living, while cocoa farmers in Nigeria went out of business two decades ago.

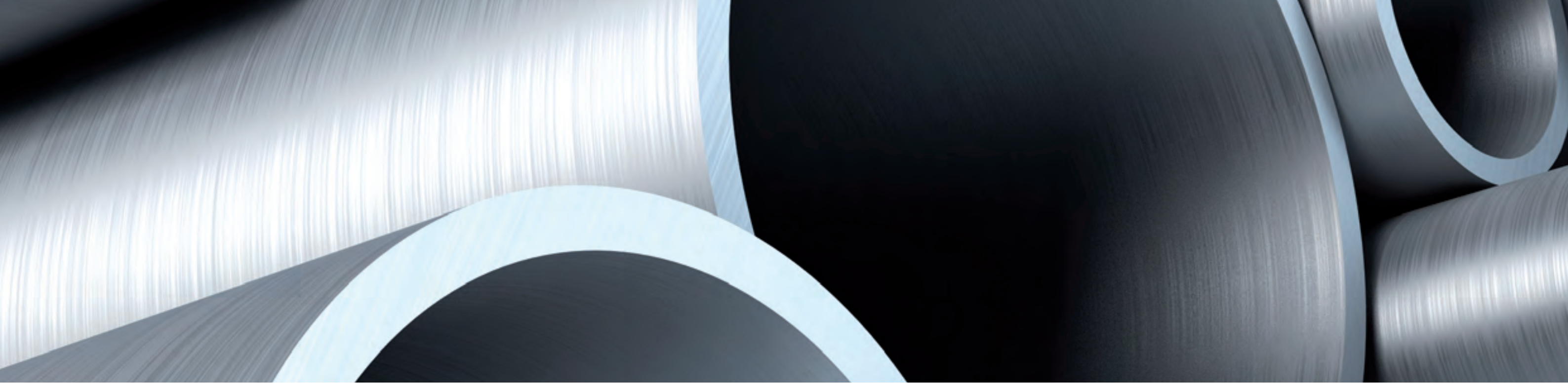
Mr. Lines offered a different perspective, observing that the poorest countries tend to be the most commodity-dependent simply because they lack alternative products to export. Moreover, he added that: “one feature which marks African countries out from any other continent very strongly is the low level of trade between countries within that continent, as a proportion of their total trade.”

Dr. B.O. Oramah[21] described Afreximbank’s approach to supporting industrialization by financing commodities transformation in Africa. As part of its mandate of promoting value-added exports and the diversification of African trade, in 2002 Afreximbank launched the Export Development Programme (EDP), through which it supports the production and export of manufactures, raw materials and intermediate

[19] Partner, Holman Fenwick Willan LLP.

[20] Managing Director, Deutsche Bank.

[21] Executive Vice-President, Afreximbank.



goods. The EDP provides financing and technical assistance for the development of processing plants and capacity-building. The instruments used include: limited-recourse project finance; twinning and market access services; and advisory services geared towards creating non-commodity export products for sale to a broad range of markets. Qualifying projects include: those aimed at transforming African commodities for export; those promoted by companies that have developed a successful local brand and are seeking to enter into international markets; greenfield projects involving credible technical partnerships with equity commitments; and regional projects, such as oil pipelines and power projects.

Dr. Bharat Kulkarni[22] described the Ethiopia Commodity Exchange (ECX), which, by enabling trade, had proven to be an effective tool in fostering change. In a short period of time, ECX expanded market access for farmers. Further, in the three years since its inception, ECX's daily turnover grew to US$10 million, with warehouses in more than 20 cities and towns in Ethiopia. Commodities such as coffee and sesame are traded at ECX only, thereby shortening and simplifying the value chain. Altogether, 76 per cent of the export value of sesame goes directly to the farmers; they are paid the day after a trade and their credit situation has improved significantly as a result. Farmers are now concentrating on proper handling and post-harvest practices to produce goods of a quality that can be traded through ECX. In addition, exporters have had fewer funds blocked in maintaining stocks and have been assured of a regular quality of produce from farmers.

Also describing the situation in Ethiopia, Mr. Kassaye Mekuria[23] offered practical examples of harnessing gains from the development of the commodities value chain. Cotton is a major cash crop in Ethiopia and employs many Ethiopians on farms, in ginneries and in textile mills. Commercial production of cotton started in 1960 and was carried out by state farms until 1992. In 1995, the Government of Ethiopia designated cotton and textiles as a priority sector. Nowadays, the vast majority of cotton farmers are smallholders without irrigation. However, vast areas of uncultivated land remain available for cotton production in Ethiopia and other countries in East Africa. The country's first integrated textile mill was established in 1939 and there are currently about 50 textile mills and garment factories in operation. In 2009-2010, the export value of the textile and garment sector reached US$23.6 million. When combined with fibre exports, the total export figure was US$62.2 million. By the first quarter of 2011-2012, approximately 80 per cent of this came from garments.

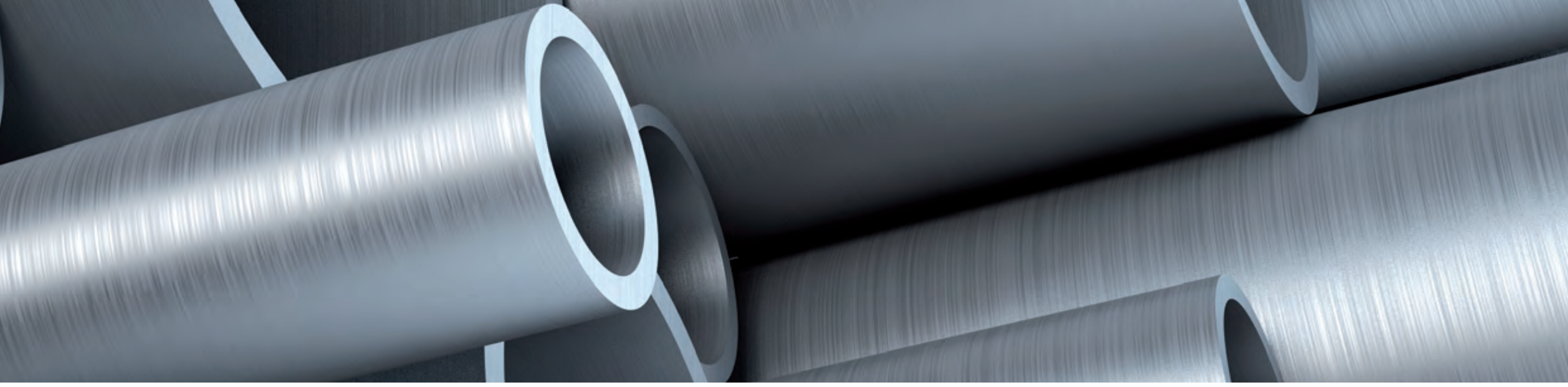
Compared with competitors such as China, India, Pakistan and Turkey, Ethiopia enjoys comparative advantages in the textile and garment sector with respect to labour and electricity costs. The country is aiming to earn US$1 billion from textile and garment exports by 2015. Mr. Kassaye commented that it would be highly beneficial to expand this sector so as to carry out value-addition work by importing fabrics from third countries using the privileges granted by the African Growth and Opportunity Act in the USA and the Everything But Arms programme in Europe. The Government of Ethiopia had implemented a variety of measures to support the sector, including capacity-building assistance and a revision of investment law, customs and revenue operations and bank procedures. He urged international stakeholders to gear technical assistance towards smallholder farmers, and equip them with the necessary tools to improve their productivity and marketing capacity.

Ms. Annick Gouba[24] described the role played by ACE and structured finance in the value chain for cashew nuts in Côte d'Ivoire, the world's third-largest cashew

[22] Independent consultant.

[23] General Manager, Nazareth Garment Share Company.

[24] Consultant, Audit Control & Expertise Global.



producer and the leading exporter of unprocessed cashew nuts. Côte d'Ivoire's unprocessed cashew nut exports increased from 165,000 tonnes in 2005 to 346,000 tonnes in 2010, and annual prices have increased in recent years from 150 to 300 CFA francs per kilogram. Since 2005, ACE has enabled the Government of Côte d'Ivoire to achieve greater visibility and traceability in the exports of unprocessed nuts through:

- Overall analysis of export activity;
- Analysis of categories of exporters: cooperatives and commercial companies;
- Individual analysis of the various actors;
- Tax recovery statistics;
- Analysis of the role of banks in settling payments.

In addition to quality control, ACE has assisted the relevant authorities in establishing domestic quality standards, as well as sampling and testing procedures for unprocessed nuts. The implementation of a mechanism for fixing purchase prices has had positive effects. The farmgate price is derived from prices quoted on the exchange or at the traders' market, thereby providing reference prices for the different actors.

Ms. Gouba suggested that both weight and quality control should be carried out in Côte d'Ivoire itself, to better equip the producers and strengthen their position in the value chain. The organization of producers should also be improved. Good field practices should be developed so as to obtain higher yields and better nut quality. In addition, she suggested establishing an adequate regulatory framework, including a crackdown on false invoices (used for tax evasion). Transport links should be improved, for example through greater use of San Pedro port for interior regions. Further, she highlighted the need to formalize the contract structure for cashew sales and to assess the risks and opportunities posed by leading processing countries (such as Viet Nam). A strategy was required for the competitive processing of 400,000 tonnes of cashew nut production, 95 per cent of which was exported; national and regional markets should also be developed for the finished product. She suggested simpliying and improving the marketing chain, thereby leading to a reduced number of middlemen and an increased involvement of financial institutions.

Mr. Marc Lapointe[25] described the role of quality and quantity inspections at facilities and processes, both for producers and for producer organizations, citing Certispec's experience in Cameroon as an example. In addition to improved quality, he considered that, for small producers, inspections led to better management of the entire process and enhanced communication between operators. This in turn enabled access to pre-finance and finance, including during the off-season, as well as increased production and improved training for the producers. Additional benefits for the producers included access to agricultural inputs and an increase in income.

Mr. Matthieu Delorme[26] described his company's experience with the cotton, rice, sugar cane, maize, soya and wheat sectors, referring in particular to three "similar but very varied" examples: crop monitoring in the Black Sea region; assisting the Brazil Soybean Strategic Committee; and crop insurance services in Brazil. Although the techniques used in each case were similar, their application differed: in one case, a private crop finance arrangement; in another, a not-for-profit quasi-government effort to enhance production; and in the third, a government-sponsored insurance programme. The stakeholders were therefore quite varied, but all involved a type of public-private partnership. He also mentioned the

[25] Vice-President for Europe, Africa and the Middle East, Certispec.

[26] Chief Executive Officer, Cotecna.

resultant knowledge transfer, citing the example of taking ideas from Brazil to the Black Sea region of the Commonwealth of Independent States.

Mr. Guillaume Loonis-Quélen[27] discussed the issue of private security agencies in maritime transport. Under the United Nations Convention on the Law of the Sea (UNCLOS), these agencies' vessels are not classed as warships and any action taken by them must therefore be based on legitimate defence. The most recent attempt at regulation was an international code of conduct established in 2010. He recommended that coastal states legislate with regard to both piracy and to private agencies' activities. They should assert their own rights and jurisdiction over natural resources, as provided under UNCLOS.

VI. COMMODITY PRICE VOLATILITY AND TRADE FINANCE

According to Dr. Hallam, the international architecture that serves the global commodities economy was established under very different circumstances, and the international institutions involved in commodities trade and development need to evolve in line with changed circumstances. He recalled that, in 2011, the Group of Twenty (G20) called on international organizations to present a collective view of the nature of price volatility and what could be done to protect the most vulnerable therefrom. That collaboration led to a joint report and some concrete outputs, one of which was the Agricultural Market Information System, aimed at enhancing transparency in commodities markets, thereby reducing volatility. The report also looked at policies to curb speculation and the potential roles of commodities reserves and buffer stocks. "All these debates have been important in commodities markets for many years but it's good to see that they are now back on the front burner in international debate," Dr. Hallam asserted.

[27] President, Universal Marine and Maritime Union (UMMU).

Mr. Andrei Guitchounts[28] described the record high volatility encountered in both physical and futures prices on the cotton market, in particular during the period 2010-2011. This was explained by a series of supply and demand factors in the physical market, as well as some speculation. In turn, it led to a record number of defaults on contracts, initially by producers while prices were rising and then by spinning mills, which failed to open letters of credit as prices fell. As a result, a record amount of litigation had been initiated, and huge losses would be felt by traders. The market share had also been lost to polyester, cotton's main competitor. However, during the period 2011-2012, price volatility had returned to normal, amid a situation of downward pressure on cotton prices.

Ambassador Jones affirmed that several policy responses existed to deal with the many drivers of volatile prices. Regulatory changes under the Dodd-Frank Wall Street Reform and Consumer Protection Act in the USA had affected energy futures, even though the issues that led to the passage of the Act had no connection to either futures or energy markets. Nonetheless, he recommended various measures to ensure more stable markets, including increasing the transparency of physical and futures markets and reducing market distortions via price liberalization and a level investment playing field. Geopolitical risk premiums could be reduced by promoting favourable conditions for investment, to depoliticize the oil market. It was important to protect market liquidity and maintain the ability to hedge, as well as to clarify, stabilize and harmonize international policies on climate change, fuel qualities, alternative fuels and investment. Energy security should be promoted by interconnecting and diversifying fuel types and sources, wherever it is economic to do so. Finally, Ambassador Jones encouraged greater energy efficiency in all areas.

[28] Economist, International Cotton Advisory Committee (ICAC).

Dr. Franck Galtier[29] examined possible solutions to break the vicious cycle of food price instability and grain export bans. The 2008 food price crisis developed as a result of the following chain of events:

- An increase in the price of maize (probably due to biofuels);
- An increase in the price of wheat (due to substitutions);
- The implementation of export bans on wheat, thereby exacerbating the spike in wheat prices (by reducing supply and provoking panic movements);
- An increase in the price of rice (due to substitutions);
- The implementation of export bans on rice, thereby exacerbating the spike in rice prices (by reducing supply and provoking panic movements).

He suggested four possible solutions and considered in turn whether they were relevant and feasible:

1. Change WTO rules to prohibit export bans:

   The only way to reconcile export bans with national food security was to allow export restrictions where needed to ensure sufficient availability of cereals for internal needs, and subsequently to prohibit the restrictions beyond that point. However, it would be difficult to enforce such rules universally.

2. Provide foreign aid to exporting countries that do not use export bans:

   It would be difficult to ensure that the aid was received by the people who needed it most, and difficult for a surplus country's government to make its population accept such an arrangement, including the implied price rises.

3. Stabilize prices to avoid price spikes, using international public stocks of grain:

   The experience of the international commodity agreements had exposed real difficulties, including: how to fix and update price bands; the cost of stocks; the "crowding out" effect on private stocks; and the risk of speculative attacks. However, in the case of grains, the potential benefits to food security would probably exceed the costs.

4. An international agreement to maintain global grain stocks above a minimum threshold:

   This approach might be effective: in the past, panic movements and bubbles had occurred only when stocks were abnormally low. However, it would be difficult to reach an agreement and enforce it.

Dr. Galtier concluded that the first two options would be politically or technically difficult to implement and not particularly effective. The third and fourth options would, however, be more effective. While costly, option three offered more potential benefits than costs. Option four would be a "softer" (less demanding and less far-reaching) alternative to option three.

However, rather than pursuing measures to control price volatility, Mr. Guitchounts affirmed that the cotton trade should focus on improving the transparency of the markets, to better understand the drivers of volatility and how to deal with them effectively. Governments should try to maintain stable policies, because sudden policy changes lead to greater market volatility. In addition, governments could facilitate better decision-making among cotton market participants by improving efforts to collect and publish timely, relevant and accurate information on cotton supply and demand, especially physical stocks. Governments should also ensure the rule of law, including with regard to contract fulfillment and

[29] Senior economist, Agricultural Research for Development (CIRAD).

the enforcement of arbitration awards, to reduce defaults on contracts when prices move rapidly. The development of price risk management measures was also essential; governments could play an important role by implementing mechanisms that enable the private sector to use them.

Another much discussed and timely topic was the reluctance of international banks to provide trade finance, and the relations between this difficulty and the proposed Basel III banking regulations designed under the auspices of the Bank for International Settlements (BIS).

Ms. Veronika Koroleva[30] drew attention to the problem whereby many people, even some regulators, did not have a clear idea of what trade finance was. In particular, she pointed out ambiguities in the exact scope of trade finance with respect to the Basel III proposals for international coordination of banking regulations.

The essential problem, as explained by Mr. Marc Auboin,[31] lay in a new requirement under Basel III regarding a 100 per cent "credit conversion factor" for bank capital to support trade finance, in force as of January 2012. The aim was to ensure adequate capital behind banks' off-balance-sheet assets, but it also affected letters of credit (LCs), particularly those used in the commodities trade. From a banking point of view, trade finance thereby lost the advantage it previously enjoyed over other forms of finance.

Mr. Bogdan Rascanu[32] said that, as trade finance instruments were held off banks' balance sheets, Basel III equated those instruments to derivatives, therefore leading to the decision to increase the credit conversion factor from 20 per cent to 100 per cent.

30 Partner, SNR Denton LLP.

31 Counsellor, Economic Research and Statistics Division, World Trade Organization.

32 Head of Business Development, Audit Control & Expertise Global.

Mr. Gilles Thieffry[33] stated that research conducted by Standard Chartered Bank had concluded that the change to the credit conversion factor would increase the cost of trade finance by between 15 and 37 per cent, and would reduce its volume by 6 per cent. This implied a reduction in global trade of US$270 billion per year and a 0.5 per cent fall in gross global product. The research also concluded that developing countries would be particularly affected due to their heavy reliance on international banks for trade finance.[34]

Mr. Auboin emphasized the fact that scarcely any international trade is paid for in cash, and around 70 to 80 per cent of world trade relies on trade finance in one form or another, thereby making it a huge market, even for the finance industry. Trade finance exists as trade credit and insurance or guarantees, in the forms of LCs and the discounting of receivables against liquidity. It is generally considered to be very secure, routine finance. According to the International Chamber of Commerce (ICC), the default rate on trade finance over the last five years was 0.2 per cent - one of the lowest rates among all financial sectors.

According to Mr. Jean-François Lambert,[35] trade finance is related to real-life economic activity and is almost risk-free. If trade finance is not repaid, the customers will not receive the goods they have ordered and will find it difficult to carry on business. For these reasons, trade finance was considered by banks to be very attractive, and was recognized as such under the original Basel I rules, which granted trade finance attractive capital treatment. However, the major banks conducting the majority of trade finance are currently facing a liquidity squeeze.

33 Solicitor, GT Law.

34 World Bank, 2011. Available from: http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGBLPROSPECTSAPRIL/0,,contentMDK:22931797~menuPK:7982796~pagePK:2470434~piPK:4977459~theSitePK:659149,00.html.

35 Global Head of Structured Finance, HSBC.

Mr. Auboin observed that trade finance tends to be affected by contagion from financial crises, and any shortfall in trade finance can in turn have a detrimental effect on trade. Most trade finance is short-term (between 90 and 120 days). Its pricing depends largely on interbank interest rates, and liquidity crises can have a negative effect on the markets for LCs and bank acceptances. During the worst period of the global financial crisis, many companies, especially smaller businesses in both developed and developing countries, therefore found it impossible or prohibitively expensive to obtain the trade credit they needed.

However, Mr. Parish pointed out that margins will always be low where risks are low. Trade finance is a high-volume (requiring a significant amount of money), low-risk, low-margin business and is therefore becoming less attractive to banks; it is also transacted in US dollars, which are in short supply in Europe as a result of the eurozone crisis. Contrary to other speakers, he asserted that banks were turning clients away not because of Basel III but because of the absence of US dollars and the low profitability of this type of lending for banks. One solution would be for global commodities markets to transact in currencies other than the US dollar.

In the wake of the global financial crisis, WTO and the World Bank had asked the BIS to identify ways to facilitate trade finance for low-income countries. In October 2011, the BIS Basel Committee on Banking Supervision issued a short report, *Treatment of Trade Finance under the Basel Capital Framework*,[36] which identified two important changes for commodities traders. According to Mr. Thieffry, the report finally recognized that the capital requirements under the former Basel II rules were excessive, due to the erroneous assumption that all credit exposures in the category were subject to a minimum maturity of one year. All banking regulators agreed to waive this requirement. On the other hand, the 100 per cent conversion factor requirement was introduced.

Mr. MacNamara observed that: "Basel III kills trade finance because it makes LCs completely uneconomic to do, it makes insurance unattractive because insurance erodes the reward without improving the risk weighting, and it also kills export credit agencies."

Mr. Auboin added that there were more immediate constraints on trade finance, linked to the funding of non-US financial institutions in US dollars. In late 2011, the withdrawal of European banks from certain market segments, including commodities trade finance, made headlines. A report entitled *Snapshot of Market Conditions in Trade Finance*, jointly published by ICC and the International Monetary Fund in January 2012, revealed a pervading pessimism about trade finance among financial institutions.[37]

36 Bank for International Settlements, "Treatment of Trade Finance under the Basel Capital Framework", October 2011. Available from: www.bis.org/publ/bcbs205.pdf.

37 International Chamber of Commerce and International Monetary Fund, "ICC-IMF Market Snapshot January 2012", January 2012. Available from: www.iccwbo.org/products-and-services/trade-facilitation/banking-commission-market-intelligence/icc-imf-market-snapshot-january-2012/.

ANNEX I. CONCEPT NOTE

Many developing countries are heavily dependent on exports of commodities. Throughout most of the 1980s and 1990s, prices for these goods remained low, but since 2002 they have risen considerably. Despite the resulting increase in the value of their chief exports, most commodity-dependent developing countries (CDDCs) have been unable to convert the additional revenue into a diversification of their export industries. Since 2002, the number of countries whose commodities exports represent more than 60 per cent of merchandise exports has risen from 85 to 91.

Their persistent dependence on commodities exports has been particularly poignant for CDDCs as the fallout from the 2008 global economic crisis continues. Many of these nations are dependent on imports of food, oil, and manufactured goods. Poverty and food security are often pressing concerns. As the global economic crisis has squeezed government and household budgets, CDDCs find themselves less able to confront these major challenges. It is vital for them to realize greater lasting value from their commodities exports.

Over the past year, the pressure on CDDCs has increased with the worsening of the sovereign debt crisis, which threatens to reduce the amount of credit available to commodities producers and to increase the amount of speculative capital that flows from financial markets into commodities in search of profitable investments.

Continued price volatility in commodities markets has prompted high-level collaborative international action, including most recently by the United Nations High-Level Task Force (UN HLTF) and the G20 grouping of major economies.

This year's UNCTAD Global Commodities Forum will focus on what CDDCs can do to reverse the pattern. The event's theme is "Harnessing development gains from commodities production and trade". The Forum will attract government ministers, business leaders in the field of commodities, academics, development economists and others.

The 2012 Forum proposes a varied programme that challenges participants to identify ways to increase the value CDDCs earn from their natural resources and to redress imbalances in commodities markets. The Forum will emphasize project implementation: the programme includes sessions devoted to case studies of successful commodity-related development projects, as well sessions aimed at identifying new projects and possibilities.

Established in 1964, UNCTAD promotes the development-friendly integration of developing countries into the world economy. UNCTAD is the United Nations institution mandated to deal with commodity-related trade and development issues, including finance, debt, investment and logistics. It fulfils its mandate by: organizing intergovernmental deliberations aimed at consensus-building; undertaking research and analysis to inform debate; and providing technical assistance tailored to the needs of developing countries.

In response to recent complex challenges affecting commodities markets, UNCTAD organized the first Global Commodities Forum in 2010. The Forum gathers high-level representatives from all sectors of the commodities economy. It aims to generate new ideas for ensuring that the production and trade of commodities lead to sustainable economic growth and development.

ANNEX II. PROGRAMME OF THE GLOBAL COMMODITIES FORUM 2012

HARNESSING DEVELOPMENT GAINS FROM COMMODITIES PRODUCTION AND TRADE

Monday, 23 January 2012 **PLENARY A - Room XVIII**

OPENING INAUGURAL PLENARY

Chair's opening remarks
- **H.E. Mr. Ibrahim Al-Adoofi**, Vice-President, Trade and remarks: Development Board, UNCTAD

Opening statement:
- **Dr. Supachai Panitchpakdi**, Secretary-General, UNCTAD

STATEMENTS FROM THE INAUGURAL PANEL
- **Mr. Clem Boonekamp**, Director, Agriculture and Commodities Division, WTO
- **Dr. David Hallam**, Director, Trade and Markets Division, FAO

JOINT PLENARY-PARALLEL SESSION A1/B1
Recent developments in international commodities trade, their impacts and implications

Moderator:
- **Mr. Taffere Tesfachew**, Director, Division for Africa, Least Developed Countries and Special Programmes, UNCTAD

Speakers:
- **Ambassador Richard Jones**, Deputy Executive Director, IEA
- **Dr. David Hallam**, Director, Trade and Markets Division, FAO
- **Mr. Urs Rybi**, Commodities Expert, Berne Declaration

PLENARY SESSION A2
The sovereign debt crisis and its impacts on commodities production and trade

Moderator:
- **Ms. Myret Zaki**, Deputy Editor-in-Chief, Bilan Magazine

Speakers:
- **Mr. Marc Auboin**, Counsellor, Economic Research and Statistics Division, WTO
- **Mr. Sébastien Max**, Sales, Diapason Commodities
- **Mr. Eric Schreiber**, Head of Commodities, Union Bancaire Privée Asset Management

PLENARY SESSION A3

Trade-related financial responses to the post-2008 credit crunch

Moderator:

- **Mr. Richard Kozul-Wright**, Director, Unit on Economic Cooperation and Integration Among Developing Countries, UNCTAD

Speakers:

- **Mr. Ke Tang**, Associate Professor, Renmin University of China
- **Mr. Samir Zreikat**, Director, Dealigents Sàrl
- **Mr. Emmanuel Fragnière**, Professor, Geneva Business School

Private reception at Delegates' Restaurant (Restaurant des délégués), Building A, 8th floor: organized and sponsored by Brahms Consulting Group and Dukkar SA

Monday, 23 January 2012 PARALLEL STREAM B - Room XXVI

DEVELOPING SUPPLY MARKETS IN COMMODITY-DEPENDENT COUNTRIES

PARALLEL SESSION B2/3

In practice: financing commodity-based development in commodity-dependent developing countries

Moderator:

- **Mr. John MacNamara**, Managing Director, Deutsche Bank

Speakers:

- **Dr. B.O. Oramah**, Executive Vice-President, Afrexim Bank
- **Mr. Jean-François Lambert**, Global Head of Structured Finance, HSBC
- **Mr. Gilles Thieffry**, Solicitor, GT Law
- **Ms. Veronika Koroleva**, Partner, SNR Denton LLP
- **Mr. Matthew Parish**, Partner, Holman Fenwick Willan LLP
- **Mr. Tom Lines**, Independent Consultant

Tuesday, 24 January 2012	PLENARY A - Room XVIII

PLENARY SESSION A4/5

Key challenges facing commodity-dependent developing countries

Moderator:

- **Mr. Kwabena Baah-Duodu**, Chief a.i., Office of the Secretary-General, UNCTAD

Speakers:

- **Mr. Christian Häberli**, Senior Research Fellow, World Trade Institute
- **Mr. Guillaume Leherpeur**, Independent Sugar Trader
- **Dr. Franck Galtier**, Senior Economist, CIRAD
- **Mr. Andrei Guitchounts**, Economist, ICAC
- **Mr. Guillaume Loonis-Quélen**, Partner, UMMU
- **Mr. Joel Hanley**, Associate Editorial Director, EMEA Crude Oil & Dirty Products, Platts

JOINT PLENARY-PARALLEL SESSION A6/B6

Identifying emerging opportunities in the changing global energy mix

Moderator:

- **Mr. Rouben Indjikian**, Former Chief, Commodities Policy Implementation and Outreach Section, Special Unit on Commodities, UNCTAD

Speakers:

- **Mr. Nabil Alami**, LPG Trader, Dukkar SA
- **Mr. Tuna Oez**, Independent Gas Trader
- **Dr. Masuma Zareen Farooki**, Visiting Research Fellow, Open University (UK)

JOINT PLENARY-PARALLEL SESSION A7/B7

Practical examples of harnessing gains from commodity value chain development

Moderator:

- **Mr. Petko Draganov**, Deputy Secretary-General, UNCTAD

Speakers:

- **Mr. Kassaye Mekuria**, Director, Ethiopian Textile and Garment Manufacturers' Association
- **Ms. Annick Gouba**, Consultant, Audit Control & Expertise Global
- **Mr. Daouda Fall**, Chief Executive Officer, Brahms Consulting Company

Global commodities forum 2012 closing session

Tuesday, 24 January 2012 **PARALLEL STREAM B - Room XXVI**

PARALLEL SESSION B4/5
Expanding access to markets and trade-enabling tools

Moderator:

- **Mr. Robert Piller**, Principal, Auprès Consult

Speakers:

- **Mr. Jean-François Casanova**, Managing Partner, Strategic Risk Management
- **Mr. Bogdan Rascanu**, Head of Business Development, Audit Control & Expertise Global
- **Dr. Bharat Kulkarni**, Independent Consultant
- **Mr. Marc Lapointe**, Regional Vice-President for Europe, Africa and the Middle East, Certispec
- **Mr. Stéphane Koch**, Business Intelligence Expert
- **Mr. Matthieu Delorme**, Chief Executive Officer, Cotecna

JOINT PLENARY-PARALLEL SESSION A6/B6 (ROOM XVIII)
Identifying emerging opportunities in the changing global energy mix

JOINT PLENARY-PARALLEL SESSION A7/B7 (ROOM XVIII)
Practical examples of harnessing gains from commodity value chain development

END OF PARALLEL STREAM B

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