A country is considered “commodity-dependent” when more than 60 per cent of its total exports consist in primary commodities, the main ones being represented by: 1) agricultural products, 2) minerals, ores and metals, and 3) crude oil, gas and other hydrocarbons in a natural state (not-refined).

Commodity dependence is deemed a negative factor for the economic development of a country, because of the high vulnerability of such goods to price shocks. When the demand of commodities is low on international markets and there is an oversupply of these products, this results in reduced prices, hence less foreign exchange earnings for the countries that export them. There are obviously other reasons why prices of commodities high fluctuate, let's think to petroleum, where the decisions about output made by the Organization of Petroleum Exporting Countries (OPEC), greatly influence its price.

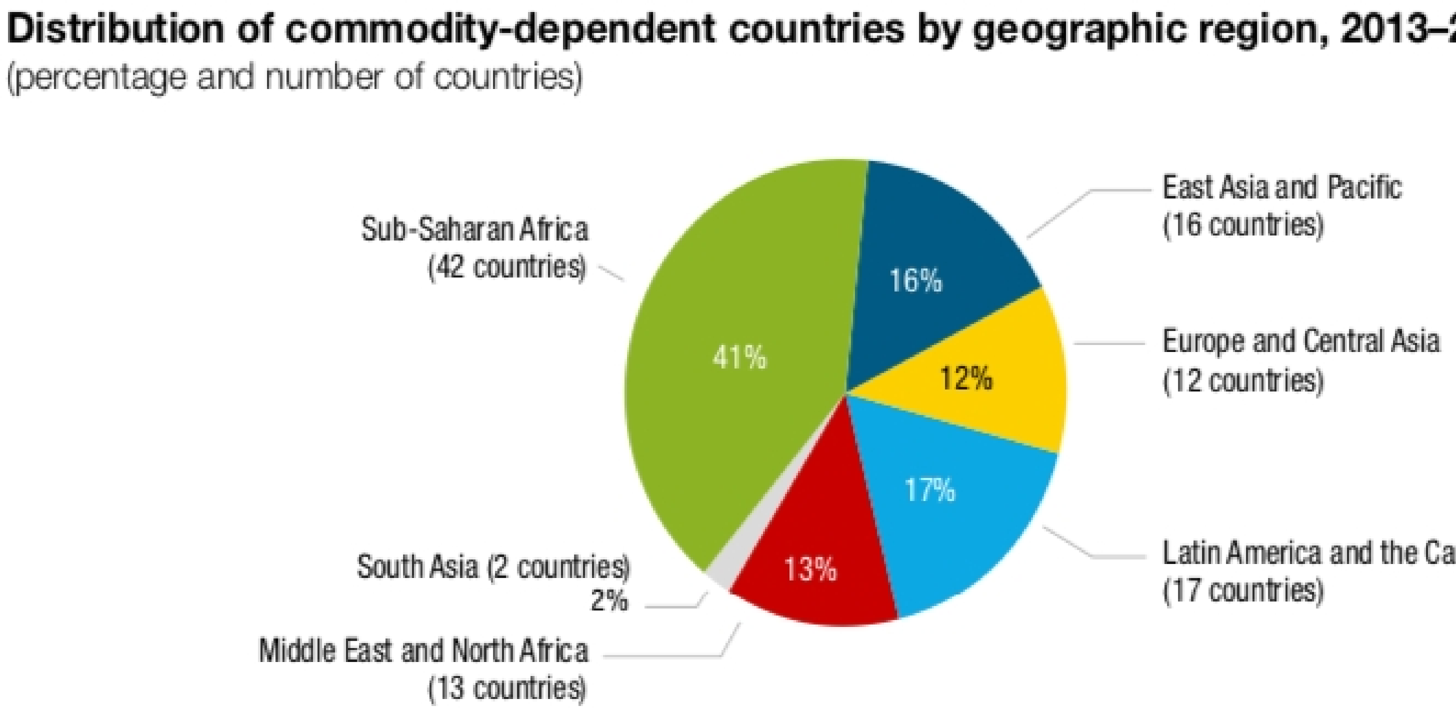
Africa bases its development model on a strong dependence on international trade and, particularly, on specialisation in a few agricultural and subsoil products. In many sub-Saharan African countries, one or two commodities account more than half of all export earnings, making these countries highly vulnerable and exposed to risks related to price shocks on international market. Integration into the world economy is therefore, with all the risks and opportunities it implies, the main engine of the African growth. To date, however, the African continent, despite its population represents about 17% of the world population, contributes to the world GDP only for 3% (source: World Bank).

Every two years UNCTAD publishes a report titled “State of Commodity Dependence” with statistical profiles for 189 countries which include 30 indicators aimed at describing the extent of each country’s export and import commodity dependence.

The last report was issued in 2019, based on data collected on 2017. Its main findings are that two thirds of developing countries are commodity-dependent, while only 13 per cent of developed countries are in this situation, and that 2 out of 5 commodity-dependent countries are located in sub-Saharan Africa.

The incidence of the phenomenon in sub-Saharan Africa is the highest in the world: here 89 per cent of countries are commodity-dependent, while in the Middle East-North Africa Region this percentage reduces to two thirds, and in Latin America-Caribbean and East

Asia-Pacific Regions 50%. On the other hand, in South Asia, Europe and the Central Asia region, only 1/4 of countries are considered commodity-dependent, while there are no commodity-dependent countries in North America.



Most of countries in East Africa are considered agriculture-dependent economies, in some cases with a relatively diversified agriculture sector: this is the case for instance of Kenya (where in 2017 agricultural commodities exports were 61% of the total exports of the country) or Uganda (63% of the total exports). In Ethiopia, another agriculture-dependent economy, commodity exports reach 72% of total merchandise exports.

Another group of countries like Eritrea, Rwanda, Burundi and Tanzania are considered mainly dependent on exports of minerals, ores and metals, where the exports of such goods consist in 64% (Eritrea), and 84% (Somalia) of their total merchandise exports, while Rwanda recently managed to mitigate its export dependence on such kind of commodities by boosting agricultural exports (especially tropical beverages like coffee and tea).