



# Africa and the Global Commodity Markets

Under the supervision of Philippe CHALMIN & Yves JÉGOUREL

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# About OCP Policy Center

OCP Policy Center is a Moroccan think tank whose mission is to promote knowledge sharing and contribute to enhanced thought on economic challenges and international relations. Through a Southern perspective on critical issues and major regional and global strategic issues faced by developing and emerging countries, OCP Policy Center provides a true added value and seeks to significantly contribute to strategic decision-making through its four research programs: Agriculture, Environment and Food Security; Economic and Social Development; Conservation of Raw Materials and Finance; and Geopolitics and International Relations.

## About CyclOpe

Cyclope is a study group specialized in the analysis of global raw materials and commodities markets. It takes its name from the Cyclope Yearbook published every year since 1986 by Editions Economica.

Cyclope is headed by Philippe Chalmin (Blog), professor at the University of Paris-Dauphine and a consultant to international organisations (OECD, EEC, UNCTAD)

The study group functions as an international network and brings together more than fifty market specialists from around the world.

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# Foreword

A "CyclOpe" report dedicated to Africa: what could be more surprising! Is not the 'historic' CyclOpe report, which celebrated three decades of analysis recognized by all in 2016, enough? The commodities markets are inherently global: why therefore choose a regional approach? And Africa...why not Asia instead, which, driven by the Chinese giant, today seems to cause the rain to fall and the sun to shine on physical markets? Change and continuation: two words, apparently opposed, which summarize the answers to these questions and mark the spirit of this book.

The African CyclOpe report is primarily a change of perspective in how to consider the commodities markets. So it is an African perspective. There is certainly little doubt that the organization of the raw material sectors and that of the financial markets that often accompany them are essentially global. From Nigerian Bonny Light to Moroccan phosphate, from Burkinabe cotton to Ivorian cocoa beans, and from Guinean bauxite to Zambian copper ore through to Botswana's diamonds, almost all the energy, agricultural and mineral resources extracted or produced in Africa are traded on intercontinental export markets through large or small traders. The so-called 'paper' markets, those that authorize risk management and much maligned speculation, are the ones in Chicago, New York, London, Singapore and Shanghai. The reader will find this international dimension of raw materials in the African CyclOpe, in chapters already published in the CyclOpe report, including those on global macroeconomic conditions, key elements in maintaining good markets and 'the organization of the world'.

The change of perspective could only be elsewhere, so it is in the 'major global markets' section that the reader will discover the 2015 results for raw materials that are economically important for Africa. This has logically led to the disappearance of some chapters present in the CyclOpe 2016 report, such as those on steel or oilseeds, while maintaining 'as is' those already containing a thorough analysis on Africa, such as cocoa, in addition to sections dedicated to the situation in Africa (cotton, tropical timber, gas, etc.). This has also led to the development of new

analyses as evidenced by the chapters on vanilla and bauxite, absent from CyclOpe 2016, and the complete rewriting of the section on precious metals and diamonds.

The African CyclOpe is, secondly, the continuation of a vision. One that led CyclOpe to launch its first report in 1987, at a time when West Texas Intermediate was collapsing and when most economists, at least French economists, were losing interest in commodities. It is this same vision that has led the OCP Policy Center to make commodity economics one of the four pillars of its development and its contribution focused on the analysis of public policies in Morocco and in the rest of the world, and particularly in Africa. The African CyclOpe report is therefore the result of an encounter and sharing, but this is not really surprising: is not the motto of the OCP Policy Center, "Think, stimulate, bridge"? This shared vision animates the pages of the African CyclOpe report with the presence of a chapter dedicated to the analysis of public policies in Africa, while showcasing a key issue for the continent's development, which is its energy and transport infrastructure. A vision that, hopefully, will pass the test of time. "Long live CyclOpe!" wrote the Academician Erik Orsenna in the foreword to the 2016 edition. Let's hope that CyclOpe Africa will also proudly celebrate three decades of existence, and many more!

Change and continuation then, but is not the CyclOpe Africa report, in all modesty, a little more than that? Probably, because this book also contributes to the strengthening of an idea, to the assertion that the African continent, more than any other continent, has to play an increasing role in the production, processing, but also, frankly, the consumption of its own raw materials, which will ensure growth and economic development, to finally live up to its considerable potential. Intended to describe and analyze the evolution of commodities markets and their economic environment, the CyclOpe reports serve no political purpose. The CyclOpe Africa report is no exception to this rule, but in a world with a tropism toward developed countries, Africa deserves a specific approach, the same one that puts the continent at the crossroads of global dynamics.

An African CyclOpe that therefore asserts its role as a tool of public policy? We would not presume to make this claim, but were it to contribute a little to informing the debates relating to commodities, our objective would be achieved. The road ahead for making this report a key factor remains long. It is perfectible and always will be, like any major enterprise. With its team of international experts, the African CyclOpe report will, however, produce continuously improved analyses to meet this goal year after year.

# Cyclope Contributors 2016

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