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HELPING COMMODITY PRODUCERS IN CAMEROON

Samuel Mimpfoundi, a cocoa farmer from Cameroon, receives anywhere from one fourth to one twelfth of the average international price for each kilo of cocoa he sells at harvest time. Reducing these huge discrepancies in prices, and helping small commodity farmers like Samuel get a larger share of revenues from their productions, are being addressed by UNCTAD in several projects.

Commodity prices have generally been gaining since 2003, but for tropical agricultural products such as cocoa and coffee, a 27% rise in 2003 was followed by a 6% fall during the first six months of this year, according to a report prepared by UNCTAD for the UN General Assembly on world commodity trends and prospects (document A/59/304) At the same time, most of the 2 billion people worldwide employed in commodity production, like Samuel Mimpfoundi, are poor. Some 63% of the population in LDCs with predominantly agricultural exports survive on less than $1 a day.

The link between trade and poverty, and the need for development strategies to help poor commodity producers better benefit from the world economy, are being discussed at this month's meeting of UNCTAD's governing body, the Trade and Development Board, in Geneva. *(See press release UNCTAD/PRESS/PR/2004/034 of 12 October).*

Under INFOCOMM, an UNCTAD technical assistance programme on market information in the commodities area, a pilot project was recently initiated in Cameroon to enable commodity producers to exchange the market information they need to negotiate better prices and reach higher-paying markets. Since the government began liberalizing the cocoa and coffee sectors in 1991, and particularly since 1994, market uncertainty has increased and smallholders have had no choice but to sell their production on the spot market, just after harvest (October-December). Liberalization also resulted in the phasing-out of a government scheme to balance out farm gate prices across regions, leading to great variation in the prices paid to producers in different regions and to large discounts being applied to those prices over the going rates on international markets. In the case of cocoa, the quality premium traditionally paid for the good flavour and red colour of Cameroonian beans vanished, as cocoa is now exported in bulk by the two or three international companies that dominate the market, and the price spread between Yokadouma (800 kilometers from the port of Douala) and Mbanga (60 kilometers from Douala) is as much as 50%, even though prices for Cameroon beans have been up since 2002.

But if smallholders had access to timely information about farm gate prices, new market developments (including new partners) and basic quality requirements, they might very well get a much higher price for their produce, create predictable revenue flows and better position

***Contacts:** Press Office, +41 22 917 5828, press@unctad.org; O. Matringe, +41 22 917 5774, olivier.matringe@unctad.org.

themselves in the international commodity sector. This is another function performed by INFOCOMM, whose Internet portal contains publicly available information on commodity sectors as well as a password-protected database of prices, storage costs and quality standards drawn from a pool of partners with expertise in the various aspects of world commodity markets. One goal of this particular pilot project is to find ways to reach farmers dispersed in remote locations 200 to 500 kilometers from the nearest urban area. Internet access from the interior of a developing country like Cameroon might eventually be complemented by radio data relay.

UNCTAD market information on 20 commodities is currently available on the INFOCOMM portal in French: banana, cashew nuts, cocoa, natural gas, iron ore/steel, jute, karite, nickel, olive oil, oil, palladium, platinum, pepper, rice, sugar, tobacco, tea, temperate timber, wheat and zinc. Information on 10 of them is also available in English and Spanish. Other commodities will be added soon, starting with citrus fruits, maize, cotton, coffee and aluminium (in French), followed eventually by coal, copper, diamond, electricity, fertilizers, gold, mango, orange, palm oil, pineapple, rubber, silver and tin.

With some 3.2 million "hits" and more than 90,000 interactive sessions a month, the portal is clearly meeting a need – that of filling the tremendous gap in electronically available information on the commodities sector.

This gap – which exists in Cameroon and most other developing countries – is due to high asymmetry in accessing strategic, relevant and updated commodity market information, which in turn impedes market efficiency and worsens the situation of vulnerable local operators, particularly smallholders. Many traditional reservoirs of information have disappeared, and the remaining commodity-related sources of information are quite dispersed and not always well structured. This makes it extremely difficult for commodity-producing countries to get timely and relevant information on international markets, such as prices, market structures and marketing chains, quality standards, international companies, outlets, technology, market places and exchanges.

Beginning next year, INFOCOMM will launch a new database for sharing information among interested national partners, such as the National Cocoa and Coffee Board of Cameroon, and will design CD-ROMs and interactive tool kits on selected commodities. The first CD-ROM, on cocoa market structures, will analyse cocoa market chains and the specific situation of producing countries, as well as such issues as potential niche markets, exogenous factors influencing production, fair trade markets and the like. A specialized glossary will be included, along with a series of videos illustrating the role of the various stakeholders.

INFOCOMM seeks to promote market transparency, improve the understanding of commodity functioning and enhance access to key information vital to policy-making on commodity production, marketing, processing and financing. The main goals are to monitor and analyse trends in world markets for major commodities and to manage, organize and develop, in a practical and original manner, a series of knowledge-management and -sharing instruments for assisting the decision-making process in both the public and private sectors.

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