

ROUTLEDGE STUDIES IN GLOBAL COMPETITION

The Impact of China on Global Commodity Prices

The global reshaping of the
resource sector

Masuma Farooki and
Raphael Kaplinsky

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The Impact of China on Global Commodity Prices

In 1969, China accounted for less than 4 per cent of global economic output. Within 25 years, China is likely to become the world's largest economy. This massive global footprint will have many different impacts on the global economy. This book focuses on the way in which China's distinctive economic growth trajectory depends heavily on a supply of natural resources.

In the context of its rapid and sustained economic growth, its specialisation in manufacturing and the rapid growth of its urbanisation and infrastructure, China's growth path over the coming two decades is likely to continue to make intensive use of agricultural, mineral and energy commodities. At the same time, and resulting from a complex amalgam of interacting technical, economic and financial factors, global supplies of each of these three major families of commodities are likely to be constrained. As a consequence, in a reversal of long-established historical trends for the relative price of commodities to fall, this will result in major opportunities for commodity exporting countries and for firms specialising in the commodities sectors

Drawing on a large number of diverse sources, *The Impact of China on Global Commodity Prices* comprehensively and systematically evidences the trends in the prices of different sets of commodities, and analyses the drivers of China's demand for commodities, the factors constraining global supply and the role that the financialisation of commodities is playing in constraining commodity production. It also documents the growing role of China as a foreign investor in the commodities sectors. All of these trends are woven together to explore the fabric of strategic choices confronting public and private sector decision-makers.

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Across Generations, Cultures and Continents
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and those to come

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Acronyms

AERC	African Economic Research Consortium
boe	barrels of oil equivalent
BRIC	Brazil, Russia, India and China
CBM	coal bed methane
CCS	carbon capture and storage
CEO	chief executive officer
CNPC	China National Petroleum Corporation
DCF	discounted cash flows
DRC	Democratic Republic of Congo
EIA	Energy Information Administration
EITI	Extractive Industries Transparency Initiative
ETF	exchange-traded funds
FAO	Food and Agriculture Organization
FDI	foreign direct investment
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GE	General Electric
GSCI	Goldman Sachs Commodity Index
IEA	International Energy Agency
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
IMF	International Monetary Fund
LME	London Metal Exchange
M&A	merger and acquisition
MEG	Metals Economic Group
MVA	manufacturing value added
NOC	national oil company
NPV	net present value
OECD	Organisation for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
OTC	over the counter
R&D	research and development
SOE	state-owned enterprise

SSA	Sub-Saharan Africa
SWF	Sovereign Wealth Fund
TNC	transnational corporation
TVE	township and village enterprise
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
USDA	United States Department of Agriculture
USGS	United States Geological Survey
WIR	World Investment Report
WTO	World Trade Organization

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