

COMMODITY MARKET TRANSPARENCY

In a move to curb excess volatility in commodity prices, the G20 has made strong commitments in Cannes to increase transparency on the physical – energy and agricultural – and financial commodity markets.

Commodity prices are volatile partly because they are too opaque and particularly because of a lack of information on daily commodity market stocks and transactions. High-quality information on these markets is vital if they are to effectively work for producers and consumers, and consequently growth. The G20, which accounts for 73% of world oil consumption and nearly 80% of world cereal production, has made two major decisions at the Cannes Summit to take up the transparency challenge and build sounder and less volatile commodity markets worldwide.

1) GREATER TRANSPARENCY FOR THE PHYSICAL AGRICULTURAL AND ENERGY MARKETS.

The G20 has created an AMIS (Agriculture Market Information System) database for the agricultural markets. This database was officially launched in Rome in September. It will improve the quantity and quality of information available on these markets, especially stock levels and harvest forecasts. It will cover wheat, maize, rice and soya, which form the main agricultural output worldwide. AMIS, whose secretariat will be housed by the FAO, will solve the current problem of scattered data by coordinating data collection and analysis. It will also help developing countries build their market analysis capacities.

The JODI oil market database will be improved. The database is managed by the International Energy Forum (IEF) with the participation of the G20 members and increasingly the member emerging countries, which represent a predominant share of the growth in world oil demand. The G20 meeting in Cannes has set 2013 as the year by which all countries will have to comply with requirements, especially on stock data transmission, to improve database comprehensiveness. The IEF will regularly assess database reliability under the supervision of G20 Finance Ministers.

The JODI database will be extended to the gas markets, under the supervision of the International Energy Forum. This will be effective as of 2012, when the G20 countries have undertaken to participate in the gas database with the same rigour as they apply to oil.

The G20 has also decided to take forward its work in 2012 to increase the transparency of the **coal markets**.



The G20 will regularly monitor the commitments made to **this common transparency framework for the physical commodity markets**, starting with the Mexican Presidency in 2012.

2) GREATER TRANSPARENCY FOR THE FINANCIAL COMMODITY MARKETS

This is one of the financial regulation and supervision improvements decided on by the G20 in Cannes. The adopted framework will give supervisors all the information they need, especially on significant positions taken on the derivatives markets, so that they can oversee and prevent abuse and market manipulation. The International Organization of Securities Commissions, with its financial market supervisors, will monitor the implementation of this framework in 2012, especially in the United States, and the European Union where the markets in financial instruments directive (MiFID) and market abuse directive (MAD) will be revised.