
**THE FUTURE
OF TRADE**

DMCC COMMODITY TRADE INDEX 2024

2024

**DECOUPLED
AND RECONFIGURED**

DMCC COMMODITY TRADE INDEX 2024

The DMCC Commodity Trade Index 2024 evaluates and ranks ten leading commodity markets based on their impact in global imports and exports of primary commodities. This analysis not only benchmarks the current market conditions but also draws comparisons with data from previous editions of the Future of Trade reports.

This iteration of the index provides an opportunity to reassess the performance and shifting dynamics of the world's top trading hubs over time. Since our 2022 report, the landscape has been significantly altered by global events that have reshaped trade dynamics, necessitating adaptations in digitalisation and sustainability efforts.

The recent escalation of geopolitical tensions in Europe has disrupted supply chains and amplified volatility in commodity markets, contributing to a global surge in inflation and cost-of-living crises. In response, central banks worldwide have implemented substantial interest rate hikes to mitigate inflationary pressures. Although inflation has decelerated

towards the end of 2023, and interest rate peaks are presumably behind us, the ongoing effects of these economic measures are expected to suppress business activity in the near term.

As we move forward, the resilience of global supply chains continues to be tested. The pandemic-induced disruptions have shifted the focus from efficiency to robustness, suggesting a potential decrease in globalisation and a pivot towards regionalisation of supply chains. This shift is further compounded by intensified geopolitical rivalries, particularly between the United States and China, and persistent conflicts in Europe and the Middle East.

Environmental, Social, and Governance (ESG) considerations have also risen to the forefront, influenced by unprecedented weather conditions and record-high global temperatures. These factors are driving the rapid adoption of green technologies and influencing trade patterns through a growing preference for nearshoring to mitigate environmental impacts and enhance supply chain resilience.

Key findings of the report include:

- 1 The Commodity Trade Index encompasses three main pillars: locational and trading partner factors, commodity endowment factors, and institutional factors.
- 2 The United States and the UAE have retained their top two positions from the previous report, demonstrating consistent strength in commodity trading.
- 3 Despite not leading in any specific pillar, the United States maintained robust scores above 50 across all categories.
- 4 The UAE scored highest in the commodity endowment factors pillar, largely due to its significant oil reserves.
- 5 The United States and the UAE have retained their top two positions from the previous report, demonstrating consistent strength in commodity trading.

- 6 Switzerland and Hong Kong were noted for their leading positions in locational and trading partner factors, and institutional factors, respectively.

- 7 While the top two and bottom three rankings remain unchanged, notable shifts have occurred among the middle-ranked countries. The UK, for instance, dropped two places, a shift attributed largely to the full economic realisation of Brexit.

About the Index

The Commodity Trade Index assesses the role of ten key commodities trading hubs within global trade. The index also assesses which global locations can expect to maintain their status as a trading hub. It incorporates ten indicators to produce an index score for the United States, Netherlands, Singapore, the UK, the UAE, Switzerland, Hong Kong, China, South Africa and Nigeria. The Commodity Trade Index was first introduced in the 2018 Future of Trade report.

The Commodity Trade Index looks at three major factors important to commodity trade via ten individual sub-indicators. The data underlying the indicators are taken from sources such as the World Bank or the United Nations.

The ten indicators analysed are:

A. Locational and trading partner factors

1. Headquarters locations of major commodities trading houses
2. Proximity to markets (based on commodity export data)
3. Commodity trade partner tariffs on primary goods

B. Commodity endowment factors

1. Tons of oil exported annually
2. Hub's share of global commodity trade for coffee, grains, sugar, gold, diamonds, soya bean, tea, cotton, silver, animals and animal products and plastic
3. Natural resource rents as a share of GDP

C. Institutional factors

1. Financial services infrastructure
2. Attractiveness of the tax regime
3. Strength of regulatory enforcement
4. Logistics performance

In order to create the index, the data for each indicator were standardised and scaled within the 0% to 100% range. They were also adjusted for outliers and combined to create the composite index. Each of the three sub-categories is given equal weighting. For more detail on how the Commodity Trade Index was created, please refer to the Appendix.

DMCC COMMODITY TRADE INDEX RESULTS

Country	Commodity endowment factors	Locational and trading partner factors	Institutional factors	Index Score 2024	Index Rank 2022
United States	63%	54%	59%	59%	1
United Arab Emirates	77%	8%	66%	50%	2
Switzerland	12%	59%	69%	46%	4
Singapore	2%	52%	78%	44%	7
Hong Kong SAR, China	12%	29%	83%	41%	6
The Netherlands	6%	54%	59%	40%	3
United Kingdom	23%	38%	53%	38%	5
China	28%	34%	42%	34%	8
South Africa	16%	7%	32%	18%	9
Nigeria	28%	3%	0%	10%	10

Source: See Appendix

As shown in the table, the United States is the top trading hub on the 2024 index, with a score of 59%. This is one percentage point (PP) above the United States' score of 58% in the 2022 report. The UAE maintained second place on the 2024 commodity index with a score of 50%, unchanged from 2022.

The United States has now maintained its position at the top since 2020, with robust scores of above 50% across the three pillars. This consistency allowed the United States to achieve the best score without the highest score in any of the individual pillars.

The United States ranked second across commodity factors, improving by 9pp from the 2022 index. The economy accounts for a large share of global soft commodity trade, particularly in soya trade. Notably, in 2024, the United States' share of gold increased compared

to the 2022 index. Overall, the trade of gold saw a marked increase in comparison to the other commodities, driven by the flight towards safer assets amidst soaring inflation across 2022 and the first half of 2023. The United States was one of the four countries amongst the ten that the index covers that saw their share in gold trade increase.

The United States also ranked second on the locational index, moving up one position from 2022 and now falling behind only Switzerland. A key factor for this is that many commodities companies are headquartered in the United States. Cargill is in Minnetonka, Minnesota, and Koch Industries is in Wichita, Kansas, for example.

The United States' lowest ranking pillar in the 2024 index was for institutional factors, where it ranked 6th out of our 10 countries of interest. The country's relatively high

rate of corporation tax weakens its score. However, it does score well in terms of financial services infrastructure.

The UAE placed second on the Commodity Trade Index, equalling its performance from 2022. In particular, the UAE has the top score for commodity endowment factors, driven by its large natural supply of oil. The UAE has scored top for this pillar of the index in every iteration of the Commodity Trade Index. The UAE also scores relatively well in institutional factors, which is driven by its attractive tax rates and strong performance in trade logistics.

The score for UAE has been impacted by locational and trading partner factors. This pillar did show improvement from the 2022 index, which had a score of 2% but still remains low at 8%. This means that relative to other countries, the UAE tends to export more to countries that are

geographically further away, although it has made some improvements in recent years.

Switzerland placed third on the Commodity Trade Index in 2024 with a score of 46%. Switzerland moved up one position from the 2022 report. It holds the highest score for locational and trading partner factors and the third best for institutional factors. While it scores relatively weak on the commodity endowment factors, this pillar did see an improvement from the 2022 score.

COMMODITY TRADE INDEX RESULTS 2022, 2020 AND 2018

Country	Index Score 2022	Rank 2022	Index Score 2020	Rank 2020	Index Score 2018	Rank 2018
United States	58%	1	53%	1	47%	5
United Arab Emirates	50%	2	53%	2	56%	1
Switzerland	48%	4	47%	4	49%	3
Singapore	41%	7	41%	7	40%	6
Hong Kong SAR, China	44%	6	45%	6	39%	7
The Netherlands	48%	3	48%	3	54%	2
United Kingdom	45%	5	46%	5	49%	4
China	32%	8	33%	8	30%	8
South Africa	21%	9	23%	9	20%	9
Nigeria	16%	10	22%	10	16%	10

Source: See Appendix

Singapore moved up three places from the 2022 report to fourth place with a score of 44% on the Commodity Trade Index in 2024. The improvement was driven by the locational and institutional factors. On the locational pillar, Singapore benefits from low tariffs from trading partners. It has the second-best score on the institutional factors with the strongest performance in the strength of regulatory enforcement and logistics of trade.

Hong Kong came in at fifth place in the 2024 index, up from sixth position in the 2022 report. Being the top performer in institutional factors, particularly with a strong financial services infrastructure leads to Hong Kong's position on the index. However, the lack of commodity endowments drags the score down.

The Netherlands and the UK witnessed the biggest falls in the ranking, falling from third and fifth position in 2022 to sixth and seventh positions, respectively, in the 2024 Commodity Trade Index. For both countries, the commodity

endowment remained largely unchanged; however, the rankings were dragged down by locational and institutional factors. The shift in the headquarters of oil company Shell from the Netherlands to the UK caused a big dent in the Netherlands' locational score, while the effect of Brexit on the UK is evidenced in this iteration of the index. This is reflected in the increase in tariffs imposed by trading partners on the UK and the decline in trade conducted with countries it is geographically close to, evidenced by the proximity to the markets pillar and its weak performance in trade logistics. The relatively high corporation tax further weakens the UK's score. The overall score for the UK on the Commodity Trade Index was 38%.

China ranked in eighth place on the Commodity Trade Index. In the 2024 index, China achieved its lowest score on the commodity endowment factor across all iterations of the index, standing at 28%. This decline was primarily attributed to a decrease in its share of global soft commodities. It also recorded low scores of 34% and 42% on

the locational and trading partner factors and institutional factors, respectively.

South Africa placed ninth on the index, with an 18% score. It showed improvement in its scores for commodity endowment factors and institutional factors compared to the 2022 index. However, the score on the locational and trading partner factor recorded a 17%-point drop from the 2022 report, dragging its overall score down.

Nigeria came in third place for its commodity endowment factors on the 2024 Commodity Trade Index thanks to its large oil reserves. However, its overall score was dragged down by its locational and trading partner factors and institutional factors.

While the top two and bottom three performers on the commodity trade index remained unchanged from 2022, there were notable shifts among the mid-range performers in 2024. These changes were largely driven by the impacts of geopolitical conflicts, which led to supply chain

disruptions and volatile commodity prices. Eight of the ten hubs saw a decline in their index scores. Even the United States and UAE, who were the two exceptions, were not completely immune to these effects. The United States recorded only a modest 1pp improvement, while the UAE's score remained unchanged from the previous assessment.

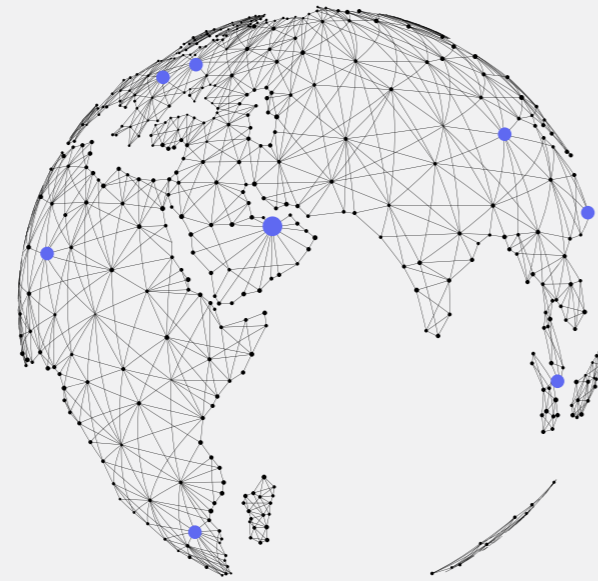
The gap between the top and bottom performers further widened, with the United States pulling ahead by 9pp, while Nigeria, the lowest scorer, experienced a 6pp decline in its score.

Looking ahead, the heightened geopolitical environment is expected to persist throughout the year. Events such as Russia's withdrawal from the Black Sea Grain Initiative and ongoing disruptions in shipping routes through the Suez Canal are likely to pose risks, particularly to wheat and maize prices. Additionally, skyrocketing freight rates and adverse weather conditions will continue to influence commodity prices worldwide.

APPENDIX: DMCC COMMODITY TRADE INDEX

The ten commodities trading hubs analysed are:

1. United States
2. United Arab Emirates
3. The Netherlands
4. United Kingdom
5. Switzerland
6. Singapore
7. Hong Kong SAR, China
8. China
9. South Africa
10. Nigeria



Each hub is scored based on its performance as measured by the particular indicator. For each indicator, the same set of steps is followed, allowing us to assign a value between 0% and 100% to each hub:

- In order to account for outliers, each data point is checked to determine if it falls outside of the mean +/- 2 standard deviations range.
- The min-max approach is used to assign an index value to each hub. Specifically, the following formula is used (data point - series min) / (series max - series min).
- For indicators where a lower figure signified a better performance, the inverse of the data point or its negative equivalent is used.

Once scores between 0% and 100% are assigned to each hub within each indicator based on the previous steps, the indicators are assigned to one of three sub-indices (locational and trading partner index, commodity endowment index and institutional index), which are weighted equally to give the overall index score.

Commodity Trade Index data sources

	Indicator	Summary	Source	Year
Locational and trading partner factors	Headquarter locations of major commodities trading houses	Location of global and regional headquarters of the largest commodities trading companies are analysed and used to assign points to each hub.	Singapore Management University	2024
	Proximity to markets (based on commodity export data)	The sum-product of the share of each hub's commodity exports by trading partner and distance to trading partner is calculated and then assigned an index value.	Comtrade	2022
	Commodity trade partner tariffs on primary goods	The sum-product of the share of each hub's commodity exports by trading partner and each trading partner's average tariff on primary goods is calculated and then assigned an index value.	World Trade Organisation	Latest (2021-2022)
Commodity endowment factors	Tons of oil exported annually	Total annual crude oil exports by weight, by hub.	Comtrade	2022
	Hub's share of global soft commodity trade for key commodities	Total annual coffee, grain, sugar, gold, diamonds, soya bean, tea, cotton, silver, animals and animal products and plastic trade by value, by hub.	Comtrade	2022
	Natural resource rents as a share of GDP	Total natural resources rents are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents. Estimates are calculated as the difference between the price of a commodity and the average cost of producing it.	World Bank	2021
Institutional factors	Financial services infrastructure	The strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending are used to analyse hubs.	World Bank	2022
	Attractiveness of the tax regime	Analyses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions.	Tax Foundation	2023
	Strength of contract enforcement	This indicator looks at the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index.	World Justice Project	2023
	Ease of trading across borders	Measures the time and non-tariff costs associated with documentary compliance, border compliance and domestic transport.	World Bank	2023