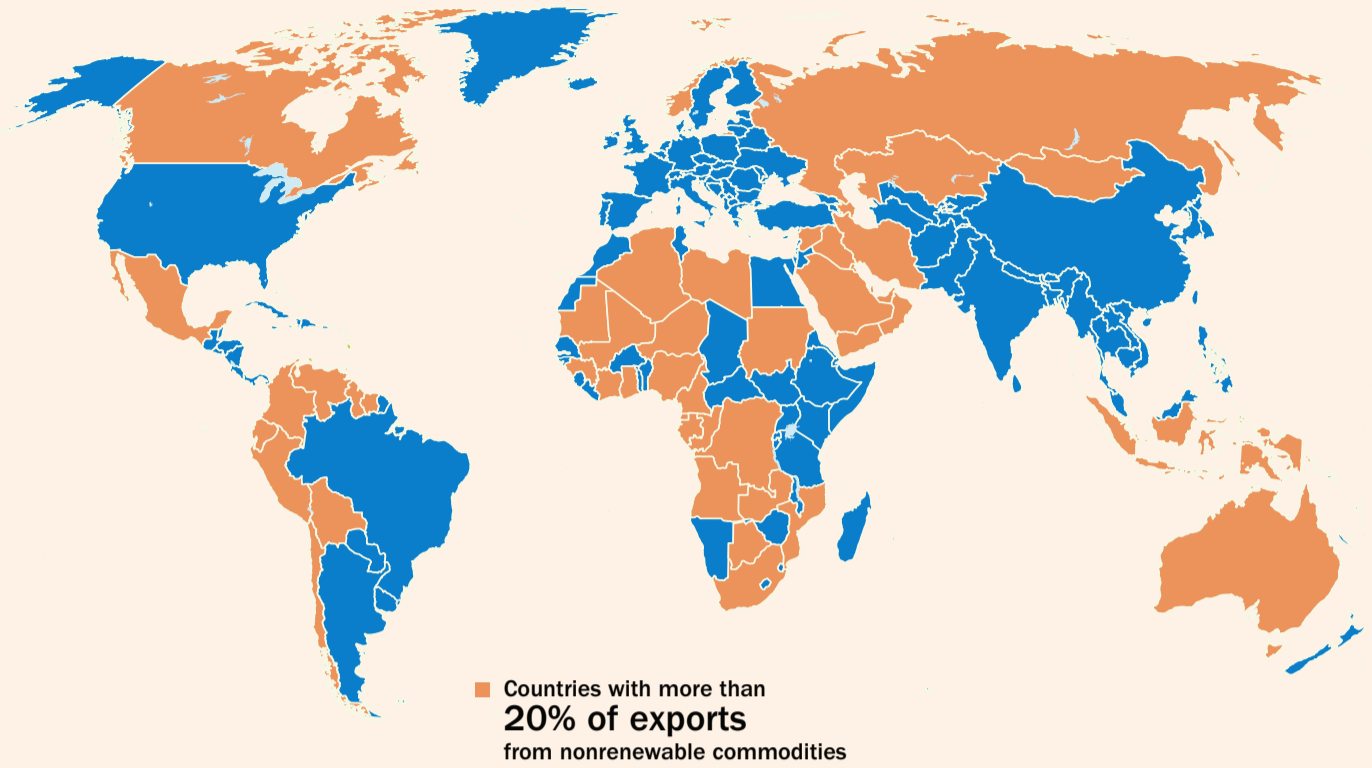


# The Fiscal Challenges of the Commodities Roller Coaster

Exporters of non-renewable commodities, such as **oil, gas, and metals** are a key part of the global economy. They are a mix of high, middle, and low-income countries that represent **close to 20 percent of world GDP**.

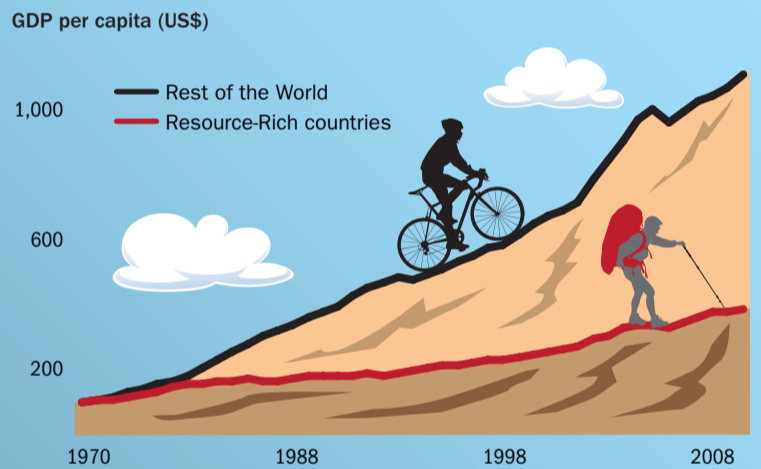
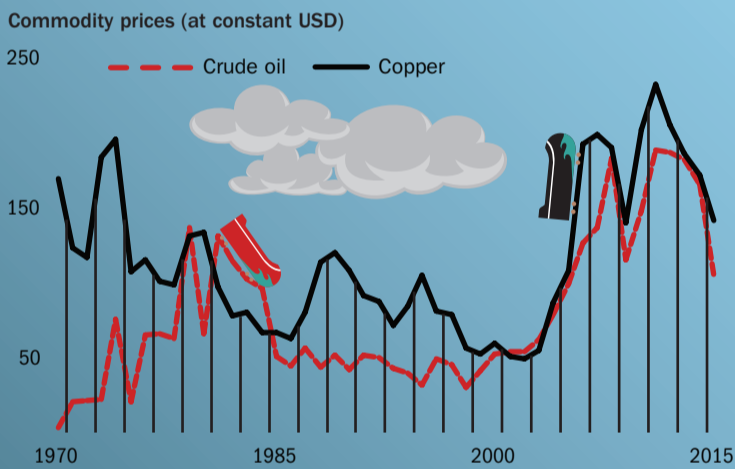


BP Statistical Review, Institutional Investor, National authorities, Sovereign Wealth Center, Sovereign Wealth Fund Institute, and the U.S. Geological Survey

## Commodity prices are highly volatile.

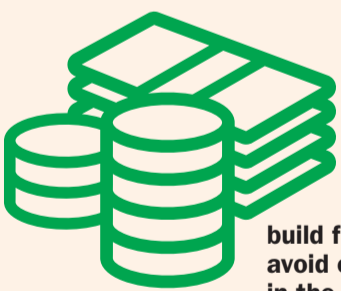
Resource-rich countries, which enjoyed an exceptional boom during most of the 2000s, are likely to be the most affected by the recent decline in commodity prices.

Many resource-rich countries struggle to use their natural resources to raise economic growth and living standards—the so-called “**resource curse**.”



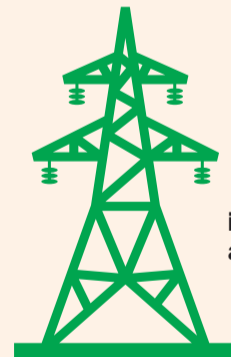
## An effective fiscal framework to manage the volatility must include:

### Macro stability



build fiscal buffers;  
avoid over-spending  
in the good years

### More stable revenues



improve taxation of resource  
and non-resource sectors

### Better use of resources



spend more efficiently;  
reform fuel subsidies

### Strong institutions



improve medium-term planning  
and investment institutions