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联合国粮食及农业组织
Food and Agriculture Organization of the United Nations
Organisation des Nations Unies pour l'alimentation et l'agriculture
Продовольственная и сельскохозяйственная организация Объединенных Наций
Organización de las Naciones Unidas para la Alimentación y la Agricultura
منظمة الأغذية والزراعة للأمم المتحدة

COMMITTEE ON COMMODITY PROBLEMS

Seventy-second Session

Rome, 26–28 September 2018

REPORT OF THE TWENTY-THIRD SESSION OF THE INTERGOVERNMENTAL GROUP ON TEA (Hangzhou, the People's Republic of China, 17-20 May 2018)

I. ORGANIZATIONAL MATTERS

1. The Twenty-third Session of the Intergovernmental Group on Tea (IGG/Tea) was held from 17 to 20 May 2018 in Hangzhou, the People's Republic of China (PRC). The IGG/Tea meeting was held in parallel with the Second China International Tea Expo and the International Summit Forum of Chinese Tea Industry. It was attended by more than 100 delegates from the following member countries: Argentina, Australia, Canada, China, Germany, India, Indonesia, Italy, Japan, Kenya, Malawi, Malaysia, Nepal, Russian Federation, Sri Lanka, Turkey, United Kingdom, Viet Nam and Zambia. Observers attended from the International Tea Committee (ITC), La Nouvelle Presse du Thé, The Tea and Herbal Infusions Europe (THIE), The Research Institute on Organic Agriculture (FIBL) and the Tea Association of the United States. The list of delegates was distributed as document CCP:TE 18/Inf.3.

A. ELECTION OF THE CHAIRPERSON AND VICE-CHAIRPERSONS

2. Mr Jean Luc Mastaki, Secretariat, IGG/Tea, welcomed the delegates to the Twenty-third Session of the IGG/Tea. The session was formally inaugurated by Mr Qu Dongyu, Deputy Minister, Ministry of Agriculture and Rural Affairs of the PRC. Mr Wang Hong, Vice Mayor, Hangzhou Municipal Government, also delivered welcoming remarks, followed by Mr Zhang Zhongjun, Assistant FAO Representative, FAO Representation in China, who officially opened the Twenty-third Session on behalf of FAO.

3. The Meeting elected Mr Jianyun Ruan (China) as Chairperson, Mr Ramaz O. Chanturiya (Russian Federation) as First Vice-Chairperson and Mr Prabhat Bezboruah (India) as Second Vice-Chairperson.

B. ADOPTION OF PROVISIONAL AGENDA AND TIMETABLE

4. The meeting adopted the Provisional Agenda CCP:TE 18/1 and the Provisional Timetable CCP:TE 18/Inf.2, with a request that item C of section III be postponed to the following day and included in the discussion related to the Working Group (WG) on smallholders.

II. MARKET DEVELOPMENTS AND OUTLOOK

A. CURRENT MARKET SITUATION AND MEDIUM-TERM OUTLOOK

5. The Group reviewed the current market situation and medium-term outlook to 2027 for tea with the assistance of document: CCP:TE 18/CRS1.

6. The Group noted that world tea production in 2016 increased by 5.3 percent to 5.73 million tonnes while consumption increased by 4.5 percent to 5.53 million tonnes.

7. Export volumes increased by 2.2 percent in 2016 to 1.75 million tonnes and export values were at USD 5.46 billion, 2.8 percent less than 2015. Nevertheless, export revenues contributed significantly to financing the bulk of food import bills of tea exporting countries, such as Kenya and Sri Lanka.

B. MARKET DEVELOPMENTS IN SELECTED COUNTRIES

8. The Group appreciated presentations made by China, India, Indonesia, Sri Lanka and Viet Nam, which provided detailed insights on market developments (production, consumption, trade and prices) at country level.

9. Several delegates took the opportunity to update information pertaining to their countries in order to reconcile any differences and contribute to both market transparency and discussion on strategies for sustainable development of the world tea economy.

10. The group highlighted the need to continue supporting tea consumption and urged the industry to be cautious while expanding production, as this would have a negative effect on the global price.

III. FACTORS AFFECTING DEMAND AND SUPPLY

A. IMPACT OF DEMAND SIDE FACTORS ON THE GLOBAL TEA ECONOMY

11. The Group examined recent developments in the tea market, focusing on emerging trends in tea consumption and untapped market potentials, with the assistance of document CCP:TE 18/2.

12. The Group stressed the importance of generic promotion in increasing demand and discussed major concerns related to the content, effectiveness, costs and benefits of generic promotion programmes.

13. The Group agreed to provide the Secretariat with the necessary information in order to conduct further detailed analyses on factors affecting demand and supply.

14. It was noted that the information in the document regarding the volume of tea sold in the auction markets (70 percent) should refer to black tea only.

B. IMPACT OF SUPPLY SIDE FACTORS ON THE GLOBAL TEA ECONOMY

15. The Group examined possible strategies and challenges on developing futures and swap markets for tea with the assistance of document CCP:TE 18/3. Members noted that price volatility is one of the major challenges affecting the tea sub-sector.

16. The Group discussed actions needed towards a successful implementation of futures markets and swaps, which included:

- Elaborating futures contracts and defining the settlement mechanisms, i.e. physical delivery vs. financial settlement based on a reference price (index).
- Building contract liquidity, which is crucial in determining successful futures markets.
- Supporting growers so they can also benefit from futures contracts.
- Defining approaches to address risk of speculation in the market place.
- Considering tea swaps as an alternative to futures contracts in order to protect companies from price volatility in a context of low product standardisation.

17. The Group appreciated the Secretariat's efforts in addressing tea futures and swap markets, and decided to revive the Working Group on futures and swap markets. It was proposed that Members of the Group include: China, India, Kenya, Indonesia, Sri Lanka and the United States. In addition, India has volunteered to chair the WG.

18. Proposed members and the Chair were tasked to prepare the terms of reference for the WG in collaboration with the Secretariat and propose them for adoption by the Members during the next intersessional meeting.

C. FACTORS DRIVING THE GROWTH OF THE SMALLHOLDER TEA SUB-SECTOR

19. The Group decided that this agenda item should be discussed during the deliberations related to the WG on smallholders, see section IV item F.

D. ROUND TABLE ON SUSTAINABILITY AND CERTIFICATION SCHEME IN THE TEA ECONOMY

20. The Group discussed the impact of sustainability certification on farm income, market access and rural development, with the assistance of document CCP:TE 18/4. Kenya and Sri Lanka made presentations about the experience of both countries with certification schemes, highlighting the related benefits and challenges. Identified challenges included duplication and multiplicity of certification schemes, high compliance and transaction costs for farmers, low inclusiveness of the standard development process and weak price transmission, while the benefits included increased awareness on sustainability issues, improved working conditions, higher yields and better access to markets. With regard to the proliferation of certification schemes, it was suggested that tea producing countries could benefit from having a common mutually agreed approach toward certification, with special consideration to smallholders.

21. The Group examined possible factors reducing the positive impact of certification and made recommendations towards enhanced sustainability in the industry.

22. The Group recognized that certification schemes should be integrated with other interventions to reach acceptable environmental and social standards; and that, improved market transparency in the tea sector, would enhance the effectiveness and positive impact on all sustainability issues.

IV. INTERGOVERNMENTAL ACTION

A. WORKING GROUPS ON MAXIMUM RESIDUE LEVELS (MRLs)

23. The Group examined this agenda item with the assistance of a presentation delivered by the Chairpersons of the Working Group (WG) on MRLs. The Group adopted the report of the WG and agreed to pursue the activities defined in the work plan, which included:

- Collect data on pest resistance using the template developed by Japan. Japan will coordinate this activity;
- Identify compounds where sufficient field trials exist amongst the producing countries and prepare joint dossiers for submission to the Joint Meeting on Pesticide Residues;
- Review the priority list of compounds; notify the Chairpersons of compounds that are no longer relevant for their countries, and propose new and pertinent ones to be considered for the priority list;
- Strengthen research on environmental sources of contamination (e.g. anthraquinone) and establish the link to their presence in tea; and
- Enhance support to extension services in addressing the issues of contaminants and MRLs.

B. WORKING GROUP ON TEA TRADE AND QUALITY

24. The Group examined this agenda item with the assistance of a presentation delivered by the Chairperson of the WG. The Group endorsed the report, which includes the following main resolutions:

- Introduction of a self-regulating code of conduct to enforce compliance with ISO 3720 minimum quality standard. As proposed, Turkey responded positively to the invitation to collaborate and share information on standards.
- Preparation of a road-map for further research on ISO 3720 compliance and its relation to the health benefits of tea consumption.
- Encouraging consumption of tea that is ISO 3720 compliant and strengthening tea promotion and education.
- Establishment of a minimum quality standard and introduction of a self-regulating code of conduct conforming to ISO 11287, in response to the significant growth in the global production and demand for green tea.
- Proposal to arrange a workshop among ISO 3720 compliant and non-compliant member countries.

C. WORKING GROUP ON ORGANIC TEA

25. The Group examined this item following a presentation made by the Chairperson of the WG. In noting the achievements, the Group endorsed the report, with the following major recommendations:

- Include Nepal and Turkey as producing members in the WG.
- Invite major organic tea consuming country representatives (e.g. Germany and Australia), as well as other stakeholders, such as certification bodies and the International Federation of Organic Agriculture Movements, to join the WG.
- Extend the FAO seed project on “Carbon neutral tea production in China” to other producing countries and strengthen further its organic tea component.
- Raise producing and consuming country’s awareness on the importance of organic and carbon neutral tea farming and involve governments in developing communication plans to popularize organic farming and provide incentives to cope with potential crop losses and certification costs.

D. WORKING GROUP ON CLIMATE CHANGE

26. The Group examined this agenda item with the assistance of three presentations. The WG agreed to continue the activities agreed upon at the intersessional meeting held in Colombo, Sri Lanka, on 12 and 13 August 2017.

27. In addition, the WG suggested to disseminate, implement tried and best mitigation and adaptation practices that are replicable in different contexts.

E. WORKING GROUP ON GLOBAL TEA MARKET ANALYSIS AND PROMOTION

28. The Group examined this agenda item with the assistance of a presentation made by the Chair. The Group endorsed the following action plan:

- Conduct market research and analysis on youth consumption behaviour to understand how to further sustain this growing segment of the tea market.
- Conduct market promotion activities and events at international level to raise the image of tea as a lifestyle choice.
- Set up an international tea day and enhance people's knowledge of tea.
- Launch joint cross-country advertising initiatives to promote tea consumption using images, symbols and influential figures in countries with the aim of attracting more people to tea.
- Use tea culture and education, history and legends to promote consumption.

F. WORKING GROUP ON SMALLHOLDERS

29. With the assistance of a presentation made by the Chairperson of the WG, and based on Document CCP:TE 18/4, the Group highlighted the significant contributions of smallholders to the tea industry and underscored emerging challenges faced by this specific segment of the industry before outlining elements of interventions aimed at promoting its sustainable integration in the global value chain.

30. The Group took note of the establishment of the Confederation of International Tea Smallholders (CITS), which will be registered as an international non-governmental organization (INGO).

G. TASK FORCE ON PROJECTIONS AND STATISTICS

31. The Group examined this agenda item with the assistance of two presentations made by the Secretariat, respectively, on the data collection and projections activities conducted by the IGG/Tea. A review of the background and achievements was presented to the Group. The Secretariat invited all members from both producing and consuming countries to nominate focal points to liaise with the Task Force on Projections and Statistics.

32. Members were invited to provide regular updates and feedback on countries' statistics in order to facilitate the work of the Secretariat in developing analysis on the current market situation and medium term outlook.

33. In adopting the report of the Task Force, the Group also endorsed its future work plan which included the holding of a workshop for statistical focal points at the next intersessional and/or Intergovernmental meetings. Members were also encouraged to express their interest in participating in the analytical studies prepared for future meetings.

H. UPDATE ON THE TEA WEBSITE DEVELOPMENT

34. The Group examined this agenda item with the assistance of a presentation, delivered by the Communication Focal Point, on the progress made since the last session.

35. The Group agreed, in principle, to having the Tea forum accessible through the Food Security Network platform of FAO (FSN), noting the necessity for a private room to protect the exchange of sensitive information among members.

I. FUTURE ACTION PLAN OF THE INTERGOVERNMENTAL GROUP ON TEA

36. The Group examined this agenda item with the assistance of a presentation delivered by the Secretariat of the IGG/Tea, calling for enhanced participation, ownership and more visibility of the work of the Group. Members recommended more producing and consuming countries and observers to attend the IGG/Tea, host the event itself and communicate more on its activities.

V. ACTIVITIES IN OTHER ORGANIZATIONS

37. The Observer from the ITC gave a historical review of the mandate and objectives of the Committee, including the evolution of funding sources highlighting some of the challenges facing the organisation.

38. The Observer from the THIE provided an overview of the objectives and purpose of the association, with a description of the current and envisaged activities of global relevance.

VI. OTHER MATTERS

A. ANY OTHER BUSINESS

39. The Group endorsed the proposal that the WG on Tea Trade and Quality would study the impact of the growing market for herbal infusions on the tea market, while the WG on Tea Market Analysis and Promotion should agree on a date for the proposed Tea Day and explore the possibility of having an International Tea Year.

40. The Group unanimously expressed gratitude to Ms Louise Roberge of Canada, and Alfred Busolo Tabu of Kenya, for their commitment and dedication to the work of the global tea market as they retire from their current activities. The Group wished them a happy retirement.

41. The Group endorsed the proposal by the second Vice-chair of the Group, inviting the various WGs to be more focused and result oriented in their presentations. This would benefit the decision making process and facilitate the formulation of clear and concise messages to the Group.

42. Kenya invited Members to the 2nd African Tea Science Symposium and Exhibition to be held in Kenya on 22-23 November 2018.

B. DATE AND PLACE OF THE NEXT SESSION

43. India offered to host the next Session of the IGG/Tea in 2020. The exact date and place of the Twenty-fourth session will be determined by the Director-General in consultation with the Chairperson.

44. The Russian Federation, on the other hand, expressed interest in hosting the next intersessional meeting of the IGG in 2019.

45. Viet Nam also expressed the intention to host one of the two events and promised to consult with the Government for any confirmation in the near future.

C. ADOPTION OF THE REPORT

46. The Report of the Twenty-third session of the IGG/Tea was adopted.