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Food and
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pour
l'alimentation
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Продовольственная и
сельскохозяйственная
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Organización
de las
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para la
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COMMITTEE ON COMMODITY PROBLEMS

Sixty-ninth Session

Rome, 28–30 May 2012

REPORT OF THE FIFTH SESSION OF THE INTERGOVERNMENTAL GROUP ON BANANAS AND TROPICAL FRUITS (Yaoundé, Cameroon, 3–5 May 2011)

I. INTRODUCTION

1. The Fifth session of the Intergovernmental Group on Bananas and Tropical Fruits was held on 3–5 May 2011, in Yaoundé, Cameroon. It was attended by 49 delegates from the following member countries: Benin, Cameroon, European Union (Member Organization), Germany, Ghana, Kenya, Mexico, Nigeria, Uganda and Zimbabwe. Observers attended from the Common Fund for Commodities (CFC), International Centre of Insect Physiology and Ecology (ICIPE) and International Tropical Fruits Network (TFNet).
2. The session was inaugurated by His Excellency Jean Nkuete, Vice-Prime Minister and the Minister for Agriculture and Rural Development. Mr Ousmane Guindo, FAO Representative in Cameroon, gave the opening statement on behalf of the Director-General.
3. The Group elected Mr Médi Moungui (Cameroon) as Chairperson, Mr Rüdiger Ohst (Germany) as *ad interim* First Vice-Chairperson and Mr Salim Rodriguez (Mexico) as Second Vice-Chairperson.
4. The Provisional Agenda (CCP:BA/TF 11/1 Corr.) and the Provisional Timetable (CCP:BA/TF 11/Inf.3) were adopted with no amendments.
5. The Group decided that the Secretariat was to prepare the draft report of the session to be adopted on Thursday, 5 May 2011.

II. ECONOMIC AND MARKET ISSUES

A. MARKET DEVELOPMENTS AND OUTLOOK

Current market situation and outlook

6. The Group considered this agenda item on the basis of information contained in the following documents: CCP:BA/TF 11/Inf.4, CCP:BA/TF 11/CRS 1 and CCP:BA/TF 11/CRS 2. Several delegates provided updates and revision of production and trade data of their country.

7. The Group noted that the most important development in international banana trade since the last session of the IGG/BATF was the Geneva Agreement on Trade in Bananas (GATB). The Group was informed, that while the schedule of tariff reductions stated in document CCP:BA/TF 11/Inf.4 was correct, the EU will only gradually reduce its MNF tariff on bananas from €176/tonne in 2009 to €114/tonne by 2017 at the earliest and by 2019 at the latest, depending on stipulated conditions. The EU applied the first reduction of €28/tonne to €148/tonne retroactively on 15 December 2009 and the second reduction to €143/tonne from 1 January 2011. The Group was further informed that the Commission's proposal to mobilize €190 million for the Banana Accompanying Programme (BAM) to support ACP banana exporting countries has yet to be adopted. However, the Group was assured that both the European Parliament and Council Council were actively seeking a consensus that would permit the rapid implementation of the BAM.

8. The Group noted that world banana exports marginally declined to 14.7 million tonnes in 2009 and despite higher import and wholesale prices, retail prices actually fell in some markets, possibly reflecting the policy of major supermarket chains in reducing banana prices to attract consumers. At the import level, prices increased due to the combined effects of higher input and transportation costs, with little scope for transfer pricing along the supply chain.

9. The Group noted that world production of tropical fruits was estimated at over 82.2 million tonnes in 2009. Although international trade represented only a small proportion of the total volume produced (10 percent), value of international trade of fresh tropical fruits was USD 5.4 billion and processed tropical fruits USD 6.5 billion, compared with USD 7.9 billion for bananas, USD 5.4 billion for apples, USD 4 billion for oranges, and USD 2.1 billion for pears.

10. In the medium term, the Group noted that ample opportunities existed for the commercial development of bananas and tropical fruits, as demand is projected to expand over the next decade to 2019, albeit at a slower rate than the past decade. However, effective policies should be implemented to address the concerns of small producers and processors, particularly with access to credit and information on technology, prices and costs. Governments should also promote policies that encourage smallholder cooperatives, to empower smallholders at both the production and processing stages.

Economic significance and technical feasibility of monitoring and analyses of markets for banana varieties other than Cavendish

11. The Group considered this agenda item with the assistance of documents: CCP:BA/TF 11/2, CRS 6 and CRS 7. The Group noted that access to reliable data on crop production and marketing was vital for effective planning in research and economic development. Despite their importance to food security and poverty alleviation, statistics on production, trade and consumption of non-Cavendish banana varieties were scarce. Therefore, the Group endorsed the strategy as proposed in paragraph 17 of document CCP:BA/TF 11/2 with the provision that the Secretariat look at the possibility of (i) establishing a germplasm centre in a second phase; and (ii) including data collection on bananas within global systems of data collection on food crops. The Group recommended that current efforts be connected for a collaborative framework that collected and updated banana statistics as outlined in the document. For example, the Centre Africain de Recherche sur Bananiers et Plantains (CARBAP) indicated that it would be prepared to be considered as a relevant mechanism given its mandate in Central and West Africa.

B. FACTORS AFFECTING DEMAND

The Chinese market potentials for banana and tropical fruits based on household consumption behaviour analyses

12. The Group considered this agenda item with the assistance of document CCP:BA/TF 11/3. It noted that most consumers preferred fresh as opposed to processed tropical fruits. The main economic factor influencing consumption was income, followed by relative price changes, and the macroeconomic environment. The Group further noted that the most preferred varieties were bananas, oranges, litchis, mangos and longans, of which the most popular were bananas. Among processed products, juice was the most popular.

Practical Guidelines to exporting bananas and tropical fruits to China

13. The Group took note of this agenda item with the assistance of document CCP:BA/TF 11/4 and agreed to relay the guidelines to the respective governments for follow-up in their exporting initiatives to China. The importance of building consumer confidence in food safety was emphasized and the Group needed to examine ways to mitigate consumer concerns. Certification needs to address pesticide contamination must be complied with and mechanisms for bolstering consumer confidence must be developed. The Group recognized the need for countries to build capacity in this area and the Secretariat was requested to identify available assistance within FAO, including its Regional Offices, CODEX and IPPC.

Case study of the demand potential for mangosteen and salacca

14. The Group took note of the information provided in document CCP:BA/TF 11/CRS 8 and agreed that the market potential for mangosteen be analyzed in-depth, while work on salacca be delayed. The Group agreed to provide the Secretariat with the information outlined in paragraphs 20 and 21 of the document to facilitate the necessary market analysis. The results of the study would be presented to the next session of the Group.

15. In noting the importance of “miracle berry” and its potential to be a super tropical fruit, the Group requested that the delegates from Ghana and Nigeria provide information of this fruit to the Secretariat to facilitate preliminary analysis of its market potential. A report of this analysis would be presented to the Group at its next session.

III. VALUE CHAINS AND INCOME DISTRIBUTION

A. INSTITUTIONAL ARRANGEMENTS AND STRUCTURE OF THE BANANA AND TROPICAL FRUITS MARKETS IN PRODUCING COUNTRIES AND THEIR IMPACT ON INCOME LEVELS OF SMALLHOLDERS

16. The Group, whilst taking note of the analyses of institutional arrangements reported in documents CCP:BA/TF 11/5 and CCP:BA/TF CRS 13, expressed its satisfaction in the fulfilment of the terms of reference it provided to the Secretariat at its last session (Joint Meeting of the Sub-Groups in December 2009).

B. OPTIONS FOR SUPPORTING THE FORMATION OF SMALLHOLDER ORGANIZATIONS, QUALITY IMPROVEMENT, VALUE ADDITION AND CREDIT AVAILABILITY TO ENHANCE INCOME OF SMALLHOLDERS IN THE VALUE CHAIN

17. Delegates approved the recommendations detailed in CCP:BA/TF 11/CRS 17, and agreed to establish a Working Group (WG) on Policies to Integrate Smallholders in the Value Chain bearing in mind the importance of regional representation and the role of private and public sector stakeholders. The terms of reference of the WG would be developed and would include:

- sensitizing stakeholders; and

- developing capacity to assess alternative approaches for supporting smallholder integration into the tropical fruits value chain.

18. Mexico, Ghana, TFNet, CARBAP and the Banana Growers Association of Cameroon (ASSOBACAM) expressed interest in joining the WG. The Secretariat was requested to canvass expressions of interest from other members of the IGG, and the First Vice-Chairperson agreed to hold consultations and report to the Secretariat on a possible representation from the EU, as it was important for importing countries to be represented in the WG.

19. Following the presentation of paper CCP:BA/TF 11/CRS 16, it was also agreed that the remit of the WG would include consideration of policy options for improving smallholder access to finance.

IV. INTERGOVERNMENTAL ACTION

A. COMMON FUND FOR COMMODITIES ACTIVITIES

Status of projects endorsed by the IGG on Bananas and Tropical Fruits

20. The Group noted that since its last session, ten projects were being implemented, of which two had reached completion, two were being completed in 2011 and one was being restructured because of financial difficulties experienced by the PEA.

New project proposals for submission to the CFC

21. An expert panel was created by the Group to evaluate project proposals between sessions. Cameroon, Nigeria, Ghana, Uganda, Kenya and TFNet volunteered to be members of the panel.

22. There were two proposals advanced by the delegate of Mexico: i) to build a germplasm centre for non-Cavendish varieties of bananas; and ii) regional development centre for sustainable development in order to replicate the Chiapas model based on the CFC pilot project. The Group, while endorsing the project concepts, instructed these proposals be developed further for consideration by the Expert Panel. In doing so, the proponent of the project was requested to take into account the existence and functions of the gene databank already established at the University of Leuven.

23. The Group considered and endorsed the project on fruit fly control submitted by ICIPE (CCP:BA/TF 11/CRS 14). A revision of this document should be forwarded to the CFC through the Secretariat.

24. Cameroon submitted a project proposal on the eradication and surveillance of the virus that causes Bunchy Top (BBTV) disease in bananas. The Group endorsed the project concept, subject to further development and evaluation by the Expert Panel.

Report of the CFC/FAO Workshop Dissemination of project "Diversification of Agriculture in Guatemala and Mexico (Chiapas) through the production of export fruits" and Challenges and opportunities for smallholder integration in international fruits value chains

25. The Group took note of the Report of the above Workshop, with the assistance of document CCP:BA/TF CRS/3. In noting the success of the project, the Group emphasized the importance of continuity beyond the project life and commitment by governments to ensure that benefits derived were widespread.

V. ACTIVITIES IN OTHER ORGANIZATIONS

A. REPORT OF THE INTERNATIONAL TROPICAL FRUITS NETWORK (TFNET)

26. The Meeting considered this agenda item with the assistance of document CCP: BA/TF CRS 4, which summarized the major activities of TFNet since the last session of the Sub-Group on Tropical Fruits.

VI. OTHER MATTERS

A. IGG ACTION PLAN

27. The following requests from the Group constituted the Action Plan of the IGG on Bananas and Tropical Fruits until its next session:

- An examination of factors contributing to the rising cost of production. In particular, rising cost of transport and control of pest and diseases and how they eroded profit margins.
- An examination of factors contributing to the consecutive reduction in global production of bananas, especially for Latin America needed to be examined. In particular, whether these reductions were cyclical or structural in nature.
- Implementation of strategies regarding work on non-Cavendish varieties would be carried out including:
 - A desk study and literature review;
 - Making the information available in different formats; and
 - Systematic updating of the information.
- Examination of mechanisms, including certification requirements to mitigate consumer concerns on SPS and food safety for bananas and tropical fruits exports.
- Identification and use of assistance within FAO, including the Regional Offices, CODEX and IPPC, for capacity building on SPS and food safety.
- Analysis of supply and demand of mangosteen.
- Scoping study on the “miracle berry”.
- Establishment of a WG on Policies to Integrate Smallholders in the Value Chain with appropriate terms of reference.
- Examination of policy options for improving smallholder access to finance.

B. ANY OTHER BUSINESS

28. The Group was reminded to provide the Secretariat with information on baobap, as requested at its last session.

C. DATE AND PLACE OF THE SIXTH SESSION OF THE IGG ON BANANAS AND TROPICAL FRUITS

29. The Group appreciated the expression of interest of Mexico to host the Sixth Session of the Intergovernmental Group on Bananas and Tropical Fruits. The exact date and place will be determined by the Director-General in consultation with the Chairperson.