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منظمة الأغذية
والزراعة للأمم
المتحدة

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
Объединённых
Наций

Organización
de las
Naciones Unidas
para la
Alimentación y la
Agricultura

COMMITTEE ON COMMODITY PROBLEMS

Sixty-ninth Session

Rome, 28–30 May 2012

DRAFT REPORT

I. Introduction

1. The Committee on Commodity Problems held its 69th Session from 28 to 30 May 2012 at FAO headquarters, Rome. Of the 119 member countries of the Committee for the biennium 2012-2013, 97 were present at the session. Seven Member Nations of the Organization, the Holy See, two UN organizations, 13 international organizations and four non-governmental organizations

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participated as observers. The countries and organizations represented at the Session are given in Appendix A.

2. The Bureau composed of Ms Gothami Indikadahena (Sri Lanka), Chairperson; Mr Elias Guía López (Spain), First Vice-Chairperson; and Mr Gustavo Infante (Argentina), Second Vice-Chairperson continued their term until the election of the new Bureau at the end of the Session.

3. The Sixty-ninth Session was assisted by a Drafting Committee composed of Armenia (Chair), Canada, China, Democratic Republic of the Congo, Denmark, Dominican Republic, Ghana, Indonesia, Iran (Islamic Republic of), Mexico, New Zealand, Portugal and the Russian Federation.

4. It was agreed that the Chairperson would give a summary at the end of each item for endorsement by the Committee.

5. The Committee noted the Statement of Competence and Voting Rights submitted by the European Union and its Member States, and adopted the Agenda and Timetable for the Session (reproduced in Appendix B).

II. Statement by the Director-General

6. The Director-General made an opening statement. He expressed his full support to the efforts to improve the functioning of the CCP and to strengthen its position at the centre of global debate on agricultural commodity markets, trade and related policy matters. The opening statement is reproduced in Appendix C.

III. State of World Agricultural Commodity Markets

A. Market review: situation and outlook

7. The Committee reviewed the state of world agricultural commodity markets, including recent developments in exports, imports and international prices. The Committee took into consideration the short-term outlook analysis that points to possible further surges in some commodity prices.

8. The Committee confirmed the importance of FAO's commodity market information and analysis in promoting market transparency, and in supporting policy formulation.

9. The Committee drew attention to the growing importance of linkages between agricultural, financial and energy markets and recommended that they should be taken into account in the Secretariat's analysis.

The Committee also recognized the importance of improved market access for commodities from developing countries as a way to enhance their food security and income generating objectives.

B. Medium-term Agricultural Outlook: trends and emerging issues

10. The Committee considered the Secretariat's document on "Medium-term outlook for agricultural commodity markets: trends and emerging issues" (CCP 12/INF/6) and assessed market prospects over the next ten years for production, utilization, trade and prices of the major food commodities. The Committee also discussed the new drivers and major issues facing those markets over the medium term.

11. The Committee welcomed the collaboration with the OECD and member countries on which the outlook work is based.

IV. Policy Developments

A. Progress report on G20 initiatives, including the Agricultural Market Information System (AMIS)

12. The Committee:

- a) Noted the collaboration between FAO and the other international institutions for the preparation of the price volatility report for the G20 in 2011.
- b) Recognized the significant contribution made by FAO in preparing the Inter-Agency Report on price volatility, and also FAO's subsequent leadership in AMIS activities.

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- c) Noted that the Secretariat Documents CCP 12/2¹ and CCP 12/3² need to be revised and updated to take account of recent developments.
 - d) Took note of progress made with regard to the implementation of AMIS and of its high relevance to the activities of the CCP and the IGGs.

B. Developments in the Doha Round agricultural negotiations and Regional Trade Agreements (RTAs)

13. The Committee considered the current state of the multilateral trade negotiations in agriculture in the WTO on the basis of the document CCP 12/4, and concurred that the document provided a good summary of the current state and issues. Additional insights were provided by Members on the issues addressed from the standpoint of their countries.

14. The Committee recognized that it attaches high importance to a Doha Round agreement for its potential contribution to creating an enabling environment for agricultural development and food security, as well as, in the present context, to responding to high and volatile food prices.

15. The Committee took note of the Trade and Markets Division's trade-related work and activities and recommended strengthening its capacity in the following areas:

- a) review and analysis of trade policy;
- b) studies on implications for food security;
- c) trade-related capacity building; and
- d) assisting the developing countries in negotiating and implementing their trade agreements and preparedness for any eventual agreement in the Doha Round and recognized that FAO would need to play a more expanded role in the Doha Round.

¹ Inter-agency food and agricultural price volatility report for the G20

² The Agricultural Market Information System

16. The Committee recognized FAO's strong collaboration with other international organizations, including WTO, in delivering technical assistance programmes and conducting studies on markets and trade policy issues and implications for food security.

17. The Committee took note of the Secretariat's other trade-related work programme, notably assisting Members in mainstreaming trade policy in development.

**C. Experiences with domestic food prices and food policy responses during
2007–2011**

18. The Committee:

- a) Agreed that the document provided a balanced account of the impact of food price surges on developing countries and the policy responses aimed at containing the price rises and addressing longer-term food issues at national and at international levels.
- b) Recognized that increased policy coordination among countries and enhanced market transparency could contribute to stabilizing markets both domestically and globally.
- c) Underlined the importance of urgent and successful conclusion of the Doha Round of trade negotiations in accordance with the WTO ministerial mandate.
- d) Recommended that FAO keep a close watch on food commodity price movements and policy responses, and conduct in-depth analyses and country case studies as required.
- e) Requested FAO to continue and strengthen its assistance to member countries in both policy and programmatic actions to effectively mitigate the negative effects of high and excessively volatile food prices on vulnerable populations.

D. Policy interventions in support of smallholder participation in markets

19. The Committee considered document CCP 12/6 - "Identifying appropriate policy interventions in support of smallholder participation in markets", and:

- a) Provided advice as regards direction for future work and support to Members in the area of policy interventions and support to smallholder participation in markets, including

allocation of appropriate resources to improve the understanding of the ways in which smallholders' participation in local markets is being constrained and how participation can be facilitated.

- b) Offered guidance to the Secretariat in identifying opportunities for supporting work in relation to improving the evidence base on the determinants of smallholder producers' participation in agricultural markets and on the development of best practice guidance on policy approaches to facilitating greater levels of participation.
- c) Provided guidance to the Secretariat in the identification and delivery of activities, including cooperation with national and regional organizations, aimed at sensitizing key stakeholders on the merits of alternative policy approaches and developing their capacity to identify, formulate and implement appropriate policies, including provision of market infrastructure.

20. In relation to document CCP 12/7 - "Enhancing the impact of IGG commodity development activities on smallholder value chain integration", the Committee:

- a) Noted the apparent impact of the commodity development work undertaken under the auspices of the IGGs on the commodity sectors of many LIFDCs and LDCs.
- b) Underscored the importance of analysis and research in this area to improve the understanding of patterns of smallholder market participation and their determinants, taking into consideration the heterogeneous nature of smallholders and the challenge of identifying the policy interventions.
- c) Suggested that the IGGs should aim to improve their effectiveness in promoting the formulation, approval, financing and implementation of commodity development projects which have as their main focus the strengthening of smallholder integration into markets and commodity value chains, with particular attention to women.
- d) Requested that when reporting on their activities the IGG should review the extent to which development projects undertaken have strengthened smallholder integration into commodity markets.

Special Event

FAO-Cooperatives Meeting: Working Together for the

2012 International Year of Cooperatives

Rome, 29 May 2012

A special event on "FAO - Cooperatives Meeting: Working Together for the 2012 International Year of Cooperatives" was held on Tuesday, 29 May 2012 in the framework of the 69th Session of the Committee on Commodity Problems and included the participation of Her Excellency Laura Chinchilla Miranda, President of the Republic of Costa Rica, and Mr José Graziano da Silva, FAO Director-General. The event also saw the participation of several ministers and other stakeholders

During this special event, two new Special Ambassadors for Cooperatives were nominated. They were Ms Elisabeth Atangana, President of the Pan-African Farmers Forum, and His Excellency Roberto Rodriguez, President of the Superior Council of Agribusiness of the Federation of Industries of São Paulo.

V. International action on agricultural commodities

A. Reform of the CCP and the Intergovernmental Commodity Groups – Report of the Open-Ended Working Group on CCP reform

21. The Committee reviewed the conclusions and recommendations contained in the Report of the Open Ended Working Group on the CCP Reform (CCP 12/9) and commended the work of the Group. The Committee:

- a) Confirmed that the terms of the reference of the CCP are appropriate and remain valid.

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- b) Underlined the importance of the CCP to maintain the current balance between the market review and outlook work and the policy work.
 - c) Recognized the usefulness of consultation with the Regional Groups in preparing the provisional agenda.
 - d) Welcomed the additional time available to this session of CCP and endorsed the recommendation to maintain this duration for future sessions and while noting that the richness and importance of CCP agenda might justify additional time in the future.
 - e) Recognized the importance of timely circulation of documents to allow adequate time for consultation by Members.
 - f) Agreed to the recommendation to maintain the current practice of designating a drafting committee to draft the report of the meeting.

22. The Committee decided on the following proposals:

- a) Enlargement of the CCP Bureau: Agreed on the recommendation to enlarge the CCP Bureau from three to seven Members, with one representative from each Regional Group.
- b) Rules of Procedure: Agreed to the proposed amendments to the Rules of Procedure of the Committee (Annex I of document CCP 12/9) reflecting the decision made under a) above and approve these amendments by consensus.
- c) Establishing a steering committee: It was agreed that a steering committee would not be established but the enlarged Bureau will be entrusted to undertake the functions under new terms of reference to be framed with a view to improving the continuity of activities and raising the profile of the Committee.
- d) Changing the name of the Committee: There was no clear consensus on the need to change the name or on which alternative name might be preferable. It was decided to keep this under review.

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- e) Participation of intergovernmental organizations, civil society and the private sector: Underlined the importance of involving intergovernmental organizations, civil society and the private sector in the work of the Committee.
 - f) Review of the CCP subsidiary bodies: Instructed the intergovernmental groups (IGGs) to undertake self-evaluation of their roles and activities and to report to the CCP on this at the next Session.

23. The Committee welcomed the analysis presented by the Secretariat in its document *Way Forward for the CCP Sub-Committees: Secretariat Recommendations* (CCP 12/INF/11). The Committee recognized that the IGGs and the international commodity bodies are key components of the international commodity economy whose activities aim to enhance the transparency and efficiency of international commodity markets, support product and market development and promote effective and coordinated policy. The Committee also reiterated that the basic purpose of all IGGs today is to provide a forum of consultation on economic aspects of the production, consumption, marketing and trade for the commodity concerned and for review of related policies. The Committee also stressed that the work programmes of the IGGs should give priority to economic and trade policy issues, poverty alleviation, productivity enhancement, sustainability and food security in line with FAO key strategic objectives.

24. The Committee noted the information conveyed by the current Chair Country of the IGG on Tea on the resolution adopted by ten tea-producing countries in Colombo, Sri Lanka in February 2012 to establish an International Tea Producers Forum.

25. The Committee reviewed the recommendations presented by the Secretariat and concurred *inter alia* with the following:

- a) IGG meetings should normally be held outside FAO headquarters and with host government support to contain organizational costs.
- b) Wherever possible joint meetings of IGGs should be held. It is recommended that meetings on hides and skins should be subsumed by the IGG on Meat, and that the

possibility of combining the IGGs on Citrus, Bananas and Tropical Fruits into one IGG on Fruits should be explored.

- c) New formats, including multi-stakeholder forums, should be explored to promote wider participation.
- d) The current practice whereby IGGs meet as needed or requested should be continued, while alternative modalities must be found for them to dispense their essential functions between sessions.
- e) The future of each IGG should form an agenda item for its next meeting or in the absence of a meeting an electronic survey to canvas opinions should be conducted.
- f) A formal review of the CSSD should be undertaken to determine what role it could play in the context of WTO commitments.

B. Work priorities under the terms of reference of the Committee on Commodity Problems

26. The Committee welcomed the Strategic Thinking Process launched by the Director-General to determine the future strategic direction of the Organization, and to inform revision of the Strategic Framework 2010-2019, and preparation of the Medium Term Plan 2014-17.

27. The Committee agreed on the relevance of the global trends and the seven main challenges³ identified as the first output of the Process, and noted the relevance of all the challenges to the priority areas within the purview of the CCP. The Committee also noted that the challenges were global and did not necessarily represent areas of focus for the work of FAO alone. In order to develop the future strategic objectives of the Organization, there was need for analysis with respect to each challenge of FAO's basic attributes, core functions and comparative advantages. There was also need for a clear line of sight between FAO's strategic objectives and work on the ground, in order to translate FAO's normative and standard-setting work into country-level impact. Furthermore, it was noted that the

³ CCP 12/INF/12 and CCP 12/INF/12 Web Annex

priority of CCP should be linked with the strategic objectives of the Organization and meaningful partnerships should be developed to achieve the future strategic objectives.

28. The Committee recognized the importance and need for more timely and reliable information on commodity markets situation and outlook, improved food security and vulnerability information, and for analytical studies on commodity and trade policies, as a measure to enhance market transparency and reduced price volatility.

29. The Committee discussed work priorities under the area of its remit with the aid of document CCP 12/8 and provided guidance to the Secretariat on potential priorities of the work areas described in the document. The Committee considered all of the topics indicated by the Secretariat to be important but noted that prioritization was necessary in the light of resource constraints and FAO's comparative advantage.

30. The Committee highlighted the following priority technical areas under its mandate to be incorporated into the main challenges in formulating the new Strategic Objectives and related action plans and programmes for the future work of the Organization:

- i) Commodity market information, monitoring and outlook;
- ii) Food security information and early warning;
- iii) Policies and strategies to support smallholder integration into markets and value chains;
- iv) Trade and food security
- v) Climate change and trade;
- vi) Policy analysis and emerging issues.

31. The Committee reviewed, amended and approved the draft Multi-Year Programme of Work (MYPOW) for 2012-16 (CCP 12/INF/10). The amended version is attached to this report in Appendix D.

32. The Committee noted the reports of the various intergovernmental commodity groups (IGGs) contained in the documents CCP 12/10, CCP 12/11, CCP 12/12 and CCP 12/13, which had met since

its last session. The Committee also took note of the information presented in the Report CCP 12/INF/9.

VI. Any other matter

33. The Committee recognized the contribution of Mr David Hallam to the work of the CCP and thanked him for his services as Secretary for the last ten years. The new CCP Secretary, Mr Boubaker Ben Belhassen, was introduced to the Committee.

A. Election of the new Bureau Members of the CCP

34. The Committee elected Mr Eric Robinson (Canada) as Chairperson and the Representatives of Australia, Chile, Iran (Islamic Republic of), Philippines, Portugal and Zimbabwe as six Vice-Chairpersons.

B. Arrangements for the Seventieth Session

35. The Committee was informed that the 70th Session will take place in the first half of 2014, depending on the meeting calendar of other Governing Bodies. The exact date will be communicated in due course.