



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  
Объединенных  
Наций

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## COMMITTEE ON COMMODITY PROBLEMS

### JOINT MEETING OF THE FOURTH SESSION OF THE SUB-GROUP ON BANANAS AND THE FIFTH SESSION OF THE SUB-GROUP ON TROPICAL FRUITS

Rome, 9 – 11 December 2009

#### Strategic Priorities of the Sub-Group on Bananas and the Sub-Group on Tropical Fruits

## I. INTRODUCTION

1. FAO Intergovernmental Groups (IGG) are required to periodically review their sets of priorities and make adjustments to reflect the changes that have occurred, particularly in terms of developments in technology, market structure and trade policies. The Sub-Group on Bananas upon its establishment in 1997 adopted the priorities of the former IGG on Bananas, and the Sub-Group on Tropical Fruits adopted its set of priorities in 1998.
2. At its 67<sup>th</sup> Session in April 2009, the parent body of the IGGs, the Committee on Commodity Problems (CCP), agreed that a working group be established to review the present and future role of the IGGs to improve the effectiveness of these bodies to meet the current needs of the international commodity economy. Therefore, this joint-meeting is an opportunity for the Sub-Groups to review their priorities, make the necessary revisions, and put forward recommendations on the future roles and functions of the Intergovernmental Commodity Bodies for Bananas and Tropical Fruits for consideration by the CCP.
3. To facilitate this process, the Sub-Groups may wish to consider the recommendations proposed at the FAO/CFC workshop: *Opportunities and Challenges in*

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*the World Markets for Fruits and Tropical Products*<sup>1</sup>, which was held in Guangzhou, China, from 29 November – 1 December 2007.

## II. PRIORITIES OF THE SUB-GROUP ON BANANAS AND THE SUB-GROUP ON TROPICAL FRUITS

4. Participants at the workshop, which included representatives from both the public and private sectors, agreed that the initial set of priorities adopted by the Sub-Groups remained relevant. However, additional priorities should be included to reflect the changes that have occurred. These included:

- certification, in particular for value addition;
- regional approaches to deal with pests and diseases;
- organization of Farmers' cooperatives or groups to help them improve, among others, quality, supply logistics and certification to ensure better prices for their products; and
- specifically for tropical fruits, "practical and effective strategies, including research and capacity building, to enhance market power of growers in supply value chains and to increase their income share stemming from growing production and trade".

5. The following are the set of priorities recommended by the workshop participants for consideration, amendment and agreement by the Sub-Groups.

### A. BANANAS

#### *Fostering market expansion and export diversification*

6. A major component of a strategy to increase the economic viability and sustainability of the global banana economy is through the expansion of demand for bananas, particularly in new, and potential growth markets, and/or through the provision of a flexible, well-informed and competitive economic environment conducive to an efficient allocation of resources. A larger demand base would translate into higher prices and higher returns to producers and marketing operators, from the farm gate to the retail outlet, while the appropriate economic environment would facilitate the movement of resources in or out of banana production and trade, from or into other sectors, when appropriate. Within this priority, programmes may aim at:

- fostering consumption in *underdeveloped* markets, including markets in developing countries and countries in transition;
- continuous and sustained market promotion;
- fostering an economic environment conducive to efficient resource allocation, and thus to increased investment in, or diversification from, banana production and exports; and
- encouraging trade liberalisation and improving market access, taking fully into account the special position of certain exporting countries for which banana exports are of vital importance to their economic well being and for which trade liberalisation may be detrimental in the short-run.

7. In fostering market expansion the Sub-Group is reminded of the need for parallel improvement/development in the following areas:

- physical market development;
- enhancement of market infrastructure and support services to facilitate private sector initiatives;
- institution-strengthening including training at all levels;
- developing farmers' organizations, such as cooperatives or groups, to help them improve their bargaining position along the value chain and maintain the required quality

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<sup>1</sup> The report of the workshop is tabled as CRS....

standards and certification, supply logistics and other good agricultural and processing practices to ensure better prices for their products;

- enhancement of commodity market risk management and commodity trade financing;
- micro-policy advice on commodity market development; and
- certification in all their forms, in particular value addition.

*Improved market transparency*

8. Improved market transparency, including market information and research on the structure and functioning of existing, new, and potential growth markets, is necessary for eliminating distortions which cause an inefficient allocation of resources, and also for risk management. Through this, competitiveness could be improved and a better balance between supply and demand achieved. Measures for achieving this objective could include:

- improving quality, distribution and timeliness of market information and intelligence
- undertaking research on the structure and functioning of traditional, new, and potential markets, particularly in relation to market concentration and shipping and distribution channels.

*Development, dissemination and implementation of new technology*

9. In an increasingly competitive environment, the development, dissemination and implementation of new technologies and improved management practices are of paramount importance. Programmes may therefore be needed aimed at:

- developing and implementing cost-reducing and/or cost-containing and/or demand enhancing technologies *vis-à-vis* production, harvest and post-harvest handling, processing, storage, transportation, quality control, grading, packaging and marketing of fresh and processed bananas and banana sub-products;
- promoting technological advances which would result in increasing productivity, lowering costs of production, or increasing demand, through improved cultural practices, improved genetic material, and/or integrated pest and disease management; and
- minimising any adverse environmental impact of production and trade of fresh and processed bananas and banana sub-products.

*Pest and disease management*

10. Adopt regional approaches to deal with pests and diseases.

*Priority setting*

11. In setting priorities for project identification and development, the Sub-Group may wish to give highest support to those projects which it deems will have a significant measurable impact on the problems to be tackled in a relatively short period.

## **B. TROPICAL FRUITS**

*Fostering market expansion*

12. A major strategy to increase the viability and sustainability of the global tropical fruit economy would be through the expansion in demand, particularly in new and potential growth markets. A larger demand base would translate into higher returns to producers and exporters. Within this priority, programmes would aim at:

- fostering consumption in underdeveloped markets, including markets in developing countries;
- enhancing and sustaining market promotion efforts; and
- encouraging liberalization of imports.

13. In fostering market expansion, the Sub-Group stresses the need for parallel improvement/development in the following areas:

- production;
- certification for value addition;
- physical market development;
- enhancement of market infrastructure and support services to facilitate private sector initiatives;
- institutional strengthening including training at all levels;
- practical and effective strategies, including research and capacity building, to enhance market power of growers in supply value chains and to increase their income share stemming from growing production and trade;
- improvement of commodity market risk management and commodity trade financing capacities; and
- policy advice on commodity market development.

*Improved market transparency*

14. Transparency is necessary to reduce market distortions. Apart from the dissemination of timely market information and intelligence on supply, demand and prices, there is a need to conduct market research in order to better understand the structure and functioning of existing, new, and potential growth markets. There is also a need to better understand distribution channels and to find ways to minimize physical marketing and trading risks. Measures to support these objectives would include the development of quality standards and grading, and the improvement of collection and warehousing systems.

*Development and implementation of improved technology and alternative quarantine treatment*

15. In an increasingly competitive environment, the development and implementation of new technologies and farm management practices are of paramount importance to improve productivity and quality and thus to better meet market requirements. In addition, to meet phytosanitary requirements of import markets, particularly as the traditional fumigation with methyl bromide is being phased out, alternative cost-effective treatments must be identified and appropriate infrastructure constructed.

*Identification of suitable measures to develop potential and/or address problems*

16. The measures shall contribute to improving the structural conditions in markets and enhancing the long-term competitiveness and prospects of a particular commodity. Examples of possible measures are:

- Research on and development of new end-uses, development of new plant varieties for higher yield and resistance to disease and climatic adversities;
- Improvement of the international competitiveness of the group of commodities through higher productivity or reduction of post-harvest losses; improved processing methods; improvements in the quality and technical composition of products; development, adaptation and transfer of technology;
- Promoting consumption of commodities, their products, by-products, and derivatives through stimulation of demand as well as the development and commercialization of new products and opening of new markets;
- Horizontal and vertical diversification;
- Improvement of marketing, quality assurance, trading and transport;
- Sustainability of production and use, environment concerns.

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*Priority setting*

17. In setting priorities for project identification and development, the Sub-Group wishes to indicate that particular attention should be given to the development of production and trade, sustainable livelihood, poverty alleviation, human resource development and environmental considerations.