



منظمة الأغذية
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联合国
粮食及
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Food
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Agriculture
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Organisation
des
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Unies
pour
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l'agriculture

Продовольственная и
сельскохозяйственная
организация
Объединенных
Наций

Organización
de las
Naciones
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para la
Agricultura
y la
Alimentación

COMMITTEE ON COMMODITY PROBLEMS

SIXTY-EIGHTH SESSION

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REPORT OF THE 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)

I. INTRODUCTION

1. The Joint Meeting of the Fourth Session of the Sub-Group on Bananas and the Fifth Session of the Sub-Group on Tropical Fruits was held on 9-11 December 2009 in Rome. It was attended by delegates from the following member countries: Brazil, Cameroon, China, Colombia, Costa Rica, Côte D'Ivoire, Cyprus, Czech Republic, Dominican Republic, Ecuador, European Community (Member Organization), France, Germany, Ghana, Guatemala, Haiti, Indonesia, Islamic Republic of Iran, Italy, Kenya, Madagascar, Malaysia, Peru, Philippines, Saudi Arabia, Somalia, South Africa, Spain, Sri Lanka, Turkey, Uganda, United States of America, Venezuela, Zambia and Zimbabwe. Observers attended from Bioversity International, Common Fund for Commodities (CFC), the European Fruit and Vegetable Trade Association (EUCOFEL) and International Tropical Fruits Network (TFNet). The List of Delegates is appended to the Report.
2. In the absence of members of the outgoing Bureau, Mr Kaison Chang, Secretary of the Intergovernmental Group on Bananas and Tropical Fruits, introduced the first two items of the Provisional Agenda of the Joint Meeting. The opening statement was delivered by Mr David Hallam, Deputy Director, Trade and Markets Division, on behalf of the Director-General.
3. The Joint Meeting elected Mr Médi Mougui (Cameroon) as Chairperson, Mr Rüdiger Ohst (Germany) as First Vice-Chairperson and Ms Sri Kuntarish (Indonesia) as Second Vice-Chairperson.
4. The Provisional Agenda (CCP:BA/TF 09/1) and the Provisional Timetable (CCP:BA/TF 09/Inf.3) were adopted with no amendments.

5. The Joint Meeting decided that its report would be prepared by the Secretariat following the Meeting and dispatched to participants after being approved by the Chairperson and two Vice-Chairpersons.

II. ECONOMIC AND MARKET ISSUES

A. MARKET DEVELOPMENTS AND OUTLOOK

Current market situation and outlook

6. The Joint-Meeting considered this agenda item on the basis of information contained in the following documents: CCP:BA/TF 09/CRS 11, CCP:BA/TF 09/2, CCP:BA/TF 09/Inf.4, CCP:BA/TF 09/CRS 1 and CCP:BA/TF 09/CRS 2.

7. The Meeting noted that world banana exports increased to 14.6 million tonnes in 2008, underpinned by the overall expansion of supply from every region, except the Caribbean where exports continued to contract. Imports also remained buoyant, despite the decline in the United States of America, as demand by Japan and China expanded strongly (12.6 and 9.2 percent, respectively). Although import growth in the European Community (EC 27) was slightly below trend it was relatively strong at 3.6 percent.

8. The Meeting also noted that average import prices, in US dollars, were higher in most countries, reflecting the overall increase in the prices of agricultural commodities which prevailed from 2007 to mid 2008. However, banana prices remained strong well into 2009 despite the global economic recession, due to the combined effects of sustained consumer demand, competitiveness of bananas vis-à-vis other fruits, higher costs of inputs and transportation, a weaker US dollar, and in Asia, a tight supply situation, as export availabilities from the Philippines were highly reduced. At the retail level, prices in US dollars in Europe and Japan recorded an upward trend throughout 2008 and well into the first half of 2009. However, in local currencies, the price increase to consumers was considerably low.

9. Delegates provided updates to be included in the revised review of the Global Markets for Bananas and Tropical Fruits, which the Secretariat will post on its website¹. In addition, the Secretariat will consult with member countries to ascertain the availability of data for other banana varieties than the Cavendish, and report back to the next Joint Meeting.

10. As for tropical fruits, the Meeting noted that these fruits were important, as they were a relatively cheap and ready source of vitamins and minerals which were important nutritional components in developing countries. Trade volumes hugely expanded, as tropical fruits were perceived as representing viable options for diversification from traditional export crops, which have experienced downward trends in prices. In developing countries development of tropical fruits could also reduce poverty.

11. The Meeting noted that world production of tropical fruits increased to an estimated 82.7 million tonnes in 2008. Mangoes were the dominant variety, followed by pineapples, papayas and avocados. The minor tropical fruits, which recorded an output of 17.8 million tonnes, accounted for 22 percent of total tropical fruits production. Of the tropical fruits produced globally, 90 percent were consumed in producing countries themselves and 10 percent were traded internationally; 5 percent as fresh fruits and a similar proportion traded as processed products. The Meeting further noted that contribution to farm/rural household incomes was significant with the value of production of tropical fruits estimated at USD 43.7 billion in 2008, and although fresh tropical fruits traded internationally were only a small proportion of the total volume produced, quantities were relatively large compared to other fruits, and export values were significant, totalling USD 4.5 billion for fresh fruit and USD 1.9 billion for processed fruits.

¹ <http://www.fao.org/es/esc/en/15/190/index.html>.

12. The Meeting concluded that future trade patterns of bananas and in particular supply regions could change with the environment, trade policies, food safety and health concerns, and there was no assurance that banana growers in developing countries will equally benefit from production expansion and trade growth. Some of the costs associated with the hikes in oil prices and their subsequent effects on inputs and freight rates have been passed up the value chain to consumers. However, the possibility for further transmission to consumers is limited because of intense competition in the fruit trade.

13. On tropical fruits, the Meeting concluded that the market has evolved significantly as price premiums based on novelty have been replaced by quality based premiums. Furthermore, while major challenges for future market growth appear to be associated with a coordinated approach to managing the field-to-market supply chain, the Meeting suggested that effective policies should be implemented to address the concerns of small producers and processors, either in developing or developed countries, in the form of access to credit and information on technology, prices and costs. In addition, policies that encouraged smallholder cooperatives, to empower small holders at both the production and processing stages should be promoted.

The impact of the financial crisis and global economic recession on the world banana and tropical fruit markets

14. The Meeting considered this agenda item on the basis of information contained in CCP:BA/TF 09/2. It stressed the importance of short-term market development studies as a means of assisting member countries to formulate appropriate policies to address constraints to achieving sustainable growth in the sub-sector. Delegates suggested that, given the importance of such studies, improvements in the analyses could include:

- the use of data sets other than FAOSTAT;
- a broadened review which, rather than confining the analysis only to the demand side, will also investigate the impact of supply side problems which occurred during the recession;
- smallholder perspectives, given that millions of smallholders are engaged in banana and tropical fruits production, the impact of the economic recession on their livelihoods should also be examined through various case studies.

B. FACTORS AFFECTING DEMAND

Demand response to income and price changes in the Chinese banana and tropical fruits markets

15. In welcoming the quantitative study on factors affecting demand of bananas and tropical fruits in China, the Meeting recognized the great potential for further expansion of the market for these fruits in China. In order for countries to be able to devise appropriate marketing strategies to take advantage of this potential, a more in-depth study was required, focusing on household consumption patterns, particularly consumer behaviour and preferences, as well as income and price response between urban and rural consumers. Delegates noted that consumer survey data was needed to undertake such a study, and given that China was an important market for banana and tropical fruits, the Meeting urged that resources be found to obtain the data. The Meeting also requested that Practical Guidelines to exporting bananas and tropical fruits to China be developed to assist interested countries.

Market segmentation of major avocado markets

16. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/4, which provided basic analysis of market segmentation of avocado markets mainly in Europe and North America. In noting the importance of such studies, the Meeting requested that similar studies be undertaken for other fruits, because of their earning potential and importance to rural communities in producing countries. However, data availability may constrain undertaking further studies. Several delegates stressed the need for information on

product requirements for fruit exports and requested that information be compiled on export requirements and made available to members on a regular basis. In collating this information, success stories should also be included, to assist in developing best practices and replicating successful export models.

17. The Meeting expressed appreciation to the Global Coordinator for Crops for the Future for her presentation of the market segmentation of minor and under utilized tropical fruits and requested that a more in-depth study focussing on one or two minor tropical fruits (mangosteen and salaca) be carried out and presented at the next Joint Meeting.

III. VALUE CHAIN AND INCOME DISTRIBUTION

A. INSTITUTIONAL PRACTICES

Institutional set up and practices in the supply chain and their impact on fair and sustainable benefit to farmers in selected developing countries

18. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/5. In recognizing the importance of institutional set-ups on the economic welfare of smallholders in developing countries, the Meeting recommended that additional studies be carried out focussing specifically on the institutional set-up and market structure for bananas and tropical fruits in major producing countries and their impact on smallholders incomes. The Meeting stressed that empowering smallholders by organizing them into legal entities, providing technical assistance in production and facilitating access to credit, would enhance their market power over the supply chain. It recommended that more studies be carried out examining ways to enhance smallholders' contribution to value-addition along the supply chain through better organization, quality improvement and credit availability.

B. VALUE CHAIN ANALYSIS

A case study of mangoes in Kenya

19. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/6. In considering the mango value chain in Kenya and the issues and constraints posed at each level of the value chain, the Meeting noted that the problems could apply to most tropical fruit producing countries around the world, and suggested that more in-depth studies be conducted, focussing on solutions to resolving the identified problems.

A case study of tropical fruits in Asia, with special reference to mangoes and pineapples

20. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/CRS 13 which was supplemented by a presentation by a Board Member of TFNet. The Meeting noted that improving the financial returns to growers would require capacity building related to quality assurance, good agricultural practices (GAP), phytosanitary regulations, improved logistical infrastructures, empowerment of growers through support to organized groups or cooperatives, and the involvement of anchor companies and contract farming to assist in the marketing of fruits. In noting the strong interest expressed by delegates regarding the presentations on value chains as they reflected the inadequacies in their countries, the Meeting indicated that considerable potential existed for selection of champions who would be essential for improvement of value chain and marketing outcomes which would benefit smallholders. The Meeting therefore requested that TFNet develop a programme for capacity building at all levels of the value chain and provide this to the Secretariat.

The impact of banana diseases on farmers' incomes

21. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/7, supplemented by a presentation from the Plant Production and Protection Division of FAO (AGP). The Meeting noted that there was a need to take a strategic approach to tackling banana pests and diseases. Tackling banana pests and diseases has been repeatedly underlined recently as a high priority for smallholder banana producers, but the complexity of issues raised was acknowledged by all stakeholders. Country priorities might involve multiplication and distribution of clean (disease-free) planting materials, carrying out of disease (and risk) awareness and communication and national and regional coordination, boosting farmers' skills relating to disease control; and surveillance and plant quarantine. The Meeting endorsed the need for a global *roadmap* for tackling banana diseases and stressed the need for wider sector development to help ensure that agricultural research and extension were more attractive for those involved, in particular donors, such as the CFC. It further recognized that while research was essential, farmers faced disease losses in the short term and so they needed coping strategies in the short term, while waiting for new technologies to be developed.

IV. INTERGOVERNMENTAL ACTION

A. PROJECT PROPOSALS FOR SUBMISSION TO THE COMMON FUND FOR COMMODITIES

22. The relevant documents that supported the examination of this agenda item were CCP:BA/TF 09/CRS 4 – 10, 17 and 19. The Meeting reviewed and endorsed nine project proposals for submission to the Common Fund for Commodities. In light of the number of proposals, the representative from the CFC requested that the Secretariat prioritize the submissions for funding.

B. STRATEGIC PRIORITIES OF THE SUB-GROUP ON BANANAS AND THE SUB-GROUP ON TROPICAL FRUITS

23. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/8. In agreeing that the meeting should be held on a regular basis, the Delegate from Cameroon tabled the expression of interest of his Government to host the next session of the Intergovernmental Group on Bananas and Tropical Fruits. This proposal was welcomed by the Meeting. In addition, with regard to the idea of widening and improving the participation to the work of the Sub-Groups, it was suggested that there should be a higher degree of involvement of the private sector, and possibly following a multistakeholders approach.

24. The Meeting then agreed to adopt the following as the major strategic priorities of the Sub-Groups:

Bananas

a) Fostering market expansion and export diversification

25. 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;
- encouraging trade liberalization 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 liberalization may be detrimental in the short-run; and

- expanding demand for local banana varieties to improve smallholder income.

26. In fostering market expansion, parallel improvement/development are required 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 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.

b) *Improved market transparency*

27. Measures for achieving this objective 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.

c) *Development, dissemination and implementation of new technology and protection of the environment*

28. Programmes need to be 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
- improving the environmental impact of production and trade of fresh and processed bananas and banana sub-products.

d) *Pest and disease management*

29. Diseases and pests are a significant and real threat to the banana export industry, smallholder income and food security. They require the adoption of regional and global responses. Key elements of this are:

- strategies for the prevention of pathogen movement, including diagnostics, monitoring and surveillance;
- regional and national preparedness plans and strengthened quarantine capacity;
- evaluation, deployment and exploitation of genetic resources and clean seed systems;
- adoption of farmer-validated integrated crop and pest management tools;
- rational and safe use of, and alternatives, for pesticides;
- public-private alliances to foster synergies and leverage expertise.

e) *Priority setting*

30. 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, favouring the multistakeholder approach.

Tropical fruits

a) *Fostering market expansion*

31. 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.
32. In fostering market expansion, parallel improvement/development are needed 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.

b) *Improved market transparency*

33. Measures to support these objectives would include the:
- development of quality standards and grading; and
 - improvement of collection and warehousing systems.

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

34. 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 to better meet market requirements;
 - meet sanitary and phytosanitary (SPS) requirements of import markets; and
 - identify alternative cost-effective treatments for fruit exports.

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

35. Possible measures include:
- research and development of new end-uses;
 - improve international competitiveness through productivity gains and reduced post-harvest losses;
 - improvements in the quality and technical composition of products;
 - development, adaptation and transfer of technology;
 - promoting consumption;
 - horizontal and vertical diversification;
 - improvement of marketing, quality assurance, trading and transport; and
 - sustainability of production and addressing environment concerns.

e) *Priority setting*

36. In setting priorities for project identification and development, particular attention should be given to the development of production and trade, sustainable livelihood, poverty

alleviation, human resource development, minor tropical fruits as a future product and environmental considerations.

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

37. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/CRS 16, which summarised the major activities of TFNet since the last session of the Sub-Group on Tropical Fruits. The Meeting was informed that membership of the International Tropical Fruits Network (TFNet) grew by 47 percent over the past 3 years, from 78 in 2006 to 116 as on 30 November 2009. However, country membership remained small and country members of the Intergovernmental Group on Bananas and Tropical Fruits were encouraged to join.

D. REPORT OF THE BANANA STAKEHOLDERS FORUM

38. The Meeting considered this agenda item on the basis of information contained in document CCP:BA/TF 09/CRS 12. The Meeting was informed that the World Banana Forum (WBF) agreed to establish a permanent multi-stakeholder forum, with a mission to inspire collaboration between stakeholders that produces pragmatic outcomes for the improvement of the banana industry; and to achieve an industry-wide consensus of best practices regarding work place issues, environmental impact, sustainable production and economic issues. The Meeting was informed that the WBF did not intend to replace the IGG, but rather to complement it by providing a forum where the stakeholders that were not members of the IGG could meet. The WBF undertook to work in close collaboration with the IGG, whose members are all invited to join. The Meeting recommended that the next meeting of the WBF be held back-to-back with the next session of the IGG on Bananas and Tropical Fruits, if there are sponsors for this event.

V. OTHER MATTERS

A. IGG ACTION PLAN

39. The following requests from the Joint Meeting constitutes the Action Plan of the Intergovernmental Group on Bananas and Tropical Fruits until its next session, scheduled for 2011:
- i) examine the feasibility of monitoring and analyses of banana varieties other than Cavendish;
 - ii) case studies on the impacts of current economic recession on smallholder livelihoods;
 - iii) examine consumer behaviour and preferences of the Chinese household with respect to banana and tropical fruits;
 - iv) prepare a Practical Guidelines to exporting bananas and tropical fruits to China;
 - v) compile exporting requirements for bananas and tropical fruits, including minor and under utilized fruits by major import markets;
 - vi) examine the institutional set-up and structure of the banana and tropical fruits markets in major producing countries and their impact on income levels of smallholders;
 - vii) evaluate options for supporting the formation of smallholder organizations, quality improvement and credit availability to enhance smallholder contribution to value-addition along the value chain;
 - viii) continue to recommend project proposals from Member Nations to the CFC within the framework of the strategic priorities of the Sub-Groups;
 - ix) the Sub-Groups should widely disseminate the successful technologies and experiences from pilot projects to enhance smallholders incomes and food security in developing countries;
 - x) the Group should continue to undertake studies and analyses of market developments, new market expansion strategies, and in particular economic and institutional measures to

improve the economic benefits of smallholders along the value chain. Country case studies were particularly encouraged.

B. ANY OTHER BUSINESS

40. In document CCP:BA/TF 09/CRS 15 the Meeting was requested to consider including baobap products as an orphan commodity of the Sub-Group on Tropical Fruits. The request was endorsed.

C. DATE AND PLACE OF THE JOINT MEETING OF THE FIFTH SESSION OF THE SUB-GROUP ON BANANAS AND THE SIXTH SESSION OF THE SUB-GROUP ON TROPICAL FRUITS

41. The Group appreciated the expression of interest of Cameroon to host the Joint Meeting of the Fifth Session of the Sub-Group on Bananas and the Sixth Session of the Sub-Group on Tropical Fruits in 2011. The exact date and place will be determined by the Director-General in consultation with the Chairperson.