



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

INTERGOVERNMENTAL GROUP ON TEA

Nineteenth Session

New Delhi, India, 12 – 14 May 2010

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I. ORGANIZATIONAL MATTERS

1. The Nineteenth Session of the Intergovernmental Group on Tea will be hosted by the Government of the Republic of India and will be held in New Delhi, 12-14 May 2010. The Session will be preceded by the Indian Tea Research Association (TRA) Centennial conference, entitled: *Infini-tea – ensuring the future of tea*. The conference will be held at the Taj Palace Hotel, New Delhi, 10-11 May 2010 and will focus on the impact of climate change on the sustainability of the global tea economy. Tea production is largely dependent on favourable weather patterns and recent fluctuations due to climate change are posing a major threat. Delegates attending the Nineteenth Session of the IGG on Tea will have free admission to the conference.

A. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSONS

2. The Group will elect a Chairperson and two Vice-chairpersons. At the Eighteenth Session, the Group elected Prof. Zongmao Chen (China) as Chairperson, Honourable Japhet Kareke Mbiuki (Kenya) as First Vice-Chairperson and Ms Louise Roberge (Canada) as Second Vice-Chairperson.

B. ADOPTION OF PROVISIONAL AGENDA AND TIMETABLE

II. MARKET DEVELOPMENTS AND OUTLOOK

A. CURRENT MARKET SITUATION AND MEDIUM-TERM OUTLOOK

3. Document CCP: TE 10/Inf. 3 examines both the current and longer term prospects for production, consumption and trade of tea and the likely impact on the world market. Delegates are requested to update market information pertaining to their country, as this would help in reconciling any apparent differences, add to market transparency and assist with the discussion of possible strategies for the sustainable development of the world tea economy. To supplement this document and assist discussion in the growing organic tea market, several important players have been invited to provide insights and future prospects of this market segment.

B. WORLD TEA MODEL

4. At its last session, the Group noted the efforts that had been carried out by the Secretariat to enhance the modelling capacity necessary to produce medium term outlook for the world tea market. Under its Action Plan endorsed at the session, the Group requested member countries to provide the Secretariat key variables, such as past and current area under tea plantation as well as expected area expansion, and in order to further improve the accuracy of the FAO Tea Model, member countries should also provide the Secretariat with their own set of medium term outlook, if these were available, to be integrated into the FAO Tea Model. The Group also invited the Secretariat to work toward strengthening the participation of member countries in the elaboration of the outlook. Document CCP: TE 10/2 examines some of the main characteristics of the new FAO model and its application to policy analysis and discusses how member countries can participate in this process.

C. MARKET DEVELOPMENTS IN SELECTED COUNTRIES

5. From its analysis of market demand in previous sessions, the Group had acknowledged that expanding consumption in producing countries with large population and low per capita tea consumption was the most effective way in achieving sustainability of the global tea economy, given the near saturation of consumption levels in traditional tea markets. At its last session, delegates had suggested expanding coverage to include market studies for countries in Eastern Africa, based on the methodology endorsed by the Group. For this Session, the Tea Boards in

major producing countries have been requested to prepare and present market developments in their countries, based on the methodology endorsed by the Group, beginning with Kenya and including China, India, Indonesia and Sri Lanka, for consideration by the Group.

III. FACTORS AFFECTING DEMAND

A. PRELIMINARY ANALYSIS OF THE IMPACT OF HIGH TEA PRICES ON THE GLOBAL TEA ECONOMY

6. At its last session, the Group requested that the Secretariat conduct a study to assess the impact of high tea prices on the world tea economy. Document CCP: TE 10/3 discusses the short and medium term impact of the recent increase in international tea prices, using the FAO World Tea Model. Given the perennial nature of the tea plantation, the supply response is normally delayed, which creates the risk of oversupply following a price boom, as historical evidence suggest from the previous price surges of 1976/77 and 1984/85. The document examines supply response scenarios and their impact on prices, trade and consumption and discusses what type of remedial measures might be considered to reduce extreme price movement in the world tea market.

B. ANALYSIS OF THE IMPACT OF RISING COST OF LAND AND LABOUR ON COST OF PRODUCTION

7. At its last session the Group cautioned that although prices had increased, the cost of production had also risen in many countries, mostly because of high oil prices and labour cost. Therefore, the net gain in prices was not as large as originally expected. Thus, for its Action Plan, the Group requested that an analysis be undertaken on the impact of rising oil prices and labour on the cost of production of tea. In discussions with the various tea boards before the preparation of the provisional agenda, the Secretariat was informed that oil prices were no longer an issue, as prices had declined significantly since the last session, and instead the rising cost of land has become a major cost component. Therefore, it was suggested that the analysis be carried out on the impact of land and labour on the cost of production of tea. A PowerPoint presentation will be made by the Tea Board of India.

C. SUSTAINABILITY OF SMALLHOLDER TEA PRODUCTION IN THE UNITED REPUBLIC OF TANZANIA

8. A continuing major concern of the Group has been the achievement of sustainability of tea smallholders. Document CCP: TE 10/4 examines the key drivers influencing the performance of smallholder tea productivity, using an asset based model to assess stocks and flow of assets of smallholder tea producers in Tanzania relative to non-tea producers. The information provided could be useful in assessing smallholder tea development in other countries. In addition, possible alternatives for the sustainability of smallholder tea production, including a discussion on the costs and benefits of third party voluntary standards, will be examined. There will also be a presentation from the United States, a major importing and consuming country, regarding the social responsibility, good manufacturing practices, concern for the environment and developing marketing point of differences that will contribute to the sustainability of tea producers.

IV. INTERGOVERNMENTAL ACTION

A. THE WORKING GROUP (WG) ON MAXIMUM RESIDUE LEVELS (MRLS)

9. At its last session, the Group recommended the continuation of the WG on MRLs led by India (Dr T.C. Chaudhuri) and the United Kingdom (Dr A. Scott) and its *modus operandi*, which included ensuring tea was compliant with regulations, and working towards achieving global

harmonization of MRL regulations. The Group also recommended that sampling of tea on the brew would be investigated by the WG under the leadership of Prof. Chen (China) with the assistance of Dr Chaudhuri and Mr Simrany (USA). This WG would combine the existing methodology of measuring residues in the tea brew, risk assessment and solubility of chemicals for establishing MRLs, collect data on tea brew, as well as leaf for the same sample, investigate the legal considerations for establishing MRLs by this method and consult with the appropriate international agencies, e.g. JMPR and Codex Alimentarius.

10. Progress reports of the WG on MRLS will be tabled as follows:
- WG on MRL report from Drs Chaudhuri and Scott (CCP: TE 10/5);
 - The role of JMPR in setting MRLs;
 - The role of Codex in MRLS, as well as overall tea standards in the context of WTO; and
 - Report of the WG on the “tea brew”.

B. THE WORKING GROUP ON TEA TRADE AND QUALITY

11. At its last session the Group reaffirmed its commitment to implement ISO 3720 as a minimum quality standard for tea exports and recognized that the critical issue was to develop common mechanisms to verify and ensure full application of standards. The Group agreed to set up a Working Group on Tea Trade and Quality which would establish its terms of reference and objectives and report to the Group at its next session. Mr Lalith Hettiarachchi, the Chairman of the Sri Lankan Tea Board and Chairperson of the WG, will table a status report of the WG in consultation with the Co-chairpersons.

C. THE WORKING GROUP ON GEOGRAPHICAL INDICATIONS (GI)

12. At its last session, the Group noted that the trend towards establishing GI had intensified in recent years and that while there were merits to seeking protection of GIs for teas produced in developing countries, the trade-off between the costs involved and the improved returns expected needed to be carefully evaluated. Therefore, the Group agreed to the establishment of a Working Group on Geographical Indications to be co-chaired by China, India and Sri Lanka, and membership to include Kenya, the UK Tea Council and any European Tea Committee member country that may wish to join. Progress reports of the WG on GI will be tabled as follows:

- Representative from WIPO to present an update of registration systems that could be used to protect GIs abroad, particularly the two that the organization was administering, namely: protection of appellations of origin and their international registration under the Lisbon Agreement; and protection of trademarks, notably collective and certification marks, through their international registration under the Madrid Protocol;
- Managing Director of the Tea Board of Kenya, as Co-chairperson of the WG on GI to update the Group on the status of GI legislation in tea producing countries; and
- As Co-chairperson of the WG, the Chairman of the Tea Board of India will present the results of a study on the impact of GI on tea trade.

D. INTERNATIONALLY COORDINATED ACTIONS ON TEA DEVELOPMENT PROJECTS

13. The Group will review the progress of Common Fund for Commodities (CFC) funded projects that are currently being implemented, with the assistance of reports from the respective Project Executing Agencies (PEA), and consider project profiles for submission to the CFC. Eventual project proposals will be available at the session as Conference Room Series (CRS) documents.

V. ACTIVITIES IN OTHER ORGANIZATIONS

14. Other organizations are invited to inform the Group of their activities on tea.

VI. OTHER MATTERS

A. ANY OTHER BUSINESS

Present and future roles of the Intergovernmental Group on Tea

15. Draft terms of reference for a working group to review the *present and future roles of the international commodity bodies*, have been drawn up and these will be presented to the Committee on Commodity Problems (CCP) at its 68th Session on 14-16 June 2010. Therefore, this may be an opportunity for the Intergovernmental Group on Tea to review its own roles and functions, with the view to improving them. Current Rules of Procedure and Terms of Reference of the Group, as well as draft terms of reference of the CCP working group will be circulated and delegates are invited to put forward their recommendations.

B. DATE AND PLACE OF THE TWENTIETH SESSION

C. ADOPTION OF REPORT