

November 2011

	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 Alimentación y la Agricultura
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# COMMITTEE ON COMMODITY PROBLEMS

<b>INTERGOVERNMENTAL GROUP ON TEA</b>
<b>TWENTIETH SESSION</b>
<b>Colombo, Sri Lanka, 30 January - 1 February 2012</b>
<b>PROVISIONAL AGENDA AND AGENDA NOTES</b>

## I. ORGANIZATIONAL MATTERS

- A. Election of Chairperson and Vice-Chairpersons
- B. Adoption of Provisional Agenda and Timetable

## II. MARKET DEVELOPMENT AND OUTLOOK

- A. Current market situation and medium-term outlook
- B. Market developments in selected countries

## III. FACTORS AFFECTING DEMAND

- A. Assessment of the determinants of demand and supply response
- B. Analysis of risk management practices in tea markets
- C. Economic factors driving the growth of the smallholder tea sub-sector

## IV. INTERGOVERNMENTAL ACTION

- A. Report of the inter-sessional meeting on tea
- B. Possible impact of climate change on tea cost of production
- C. Working Group on Maximum Residue Levels (MRLs)
- D. Working Group on Tea Trade and Quality
- E. Internationally coordinated actions on tea development projects
- F. Interactive electronic forum

**V. ACTIVITIES IN OTHER ORGANIZATIONS****VI. OTHER MATTERS**

- A. Any other business
  - i) Report of the evaluation of the Intergovernmental Commodity Groups
- B. Date and place of the Twenty-first Session
- C. Adoption of the Report

## **I. ORGANIZATIONAL MATTERS**

1. The Twentieth Session of the Intergovernmental Group on Tea will be hosted by the Government of Sri Lanka through the Sri Lanka Tea Board and will be held in Colombo from 30 January to 1 February 2012. The session will be preceded by the ITC Producer/Consumer Forum and followed by the International Tea Convention.

### **A. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSONS**

2. The Group will elect a Chairperson and two Vice-Chairpersons. At the Nineteenth Session, the Group elected Mr Ashok K. Mangotra (India) as Chairperson, Mr Joseph P. Simrany (USA) as First Vice-Chairperson and Honourable Japhet Kareke Mbiuki (Kenya) 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 12/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.

### **B. MARKET DEVELOPMENTS IN SELECTED COUNTRIES**

4. In welcoming the country reports during the last session, the Group recommended that such presentations be a regular item on the IGG agenda. 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. Representatives from Argentina, Kenya and Sri Lanka have been requested to prepare market developments in their countries for presentation at this session.

## **III. FACTORS AFFECTING DEMAND**

### **A. ASSESSMENT OF THE DETERMINANTS OF DEMAND AND SUPPLY RESPONSE**

5. At its Nineteenth Session, the IGG requested that a review of the demand and supply elasticities for the world tea markets be carried out with the view to gaining some insights into factors affecting demand and supply in major tea markets. Using the FAO world tea database, as well as other supporting prices and quantity time series, estimates of demand and supply elasticities were carried out for the countries/regions covered in the FAO Tea Model. Document CCP:TE 12/2 presents the major findings of the study and discusses some of the policy implications.

### **B. ANALYSIS OF RISK MANAGEMENT PRACTICES IN TEA MARKETS**

6. The use of risk management tools has become increasingly important in major commodity markets, including those for coffee and cocoa. Although there are certain issues and requirements for using these tools, the introduction of risk management mechanisms has the potential to bring benefits to the tea sub-sector. Document CCP:TE 12/3 explores the economic aspects related to the introduction of futures contracts to tea markets and highlights the main limiting factors, costs and benefits of futures in comparison to other forms of markets, including forward and spots. Delegates are invited to examine this document and provide guidance on the way forward for work of the Group in this area.

### **C. ECONOMIC FACTORS DRIVING THE GROWTH OF THE SMALLHOLDER TEA SUB-SECTOR**

7. At its Nineteenth Session, the Group highlighted the critical contribution of smallholders to the development of tea sub-sector in several producing countries, notably Kenya and India. As a result, the Group requested the Secretariat to analyse the economic aspects driving the growth of smallholders sectors and identify factors that limit their expansion. Document CCP:TE 12/4 analyses the contribution of smallholders to the development of the tea sub-sector and discuss policy measures required to enhance the livelihood of smallholders through tea production. In addition an evaluation of the impact of “de-estating”, i.e. the sales of tea estates to estate workers, is addressed. Delegates are requested to review this document and provide guidance on the way forward for work in this area.

## **IV. INTERGOVERNMENTAL ACTION**

### **A. REPORT OF THE INTER-SESSIONAL MEETING ON TEA**

8. The main recommendations and conclusions arising from the inter-sessional meeting of the IGG which was held in Mombasa from 18 to 19 July 2011 will be presented to delegates for information and comments. The report will be tabled as a conference room series document (CCP:TE 12/CRS1).

### **B. POSSIBLE IMPACT OF CLIMATE CHANGE ON COST OF PRODUCTION**

9. One of the recommendations of the inter-sessional meeting was the establishment of a working group (WG) on Climate change to collect and collate all available research data on climate change in member states; determine the impact of climate change on the tea economy; identify/suggest mitigation and adaptation strategies; and develop appropriate long term technologies for mitigation/adaptation. To address the impact of climate change on the tea economy, the Secretariat has prepared a document examining the impact of climate on cost of production. Other proposed objectives will be addressed at the Consultation on Climate Change that will be held on 29 January preceding the Twentieth Session.

### **C. WG ON MAXIMUM RESIDUE LEVELS (MRLS)**

10. 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 (Ms Katie Donnelly) and its *modus operandi*, supported by the executives and the FAO Secretariat (CCP:TE 06/9, paragraph 25 refers). The Group is invited to review document CCP:TE 12/5 which contains a progress report of the WG on MRLS.

### **D. WG WORKING GROUP ON TEA TRADE AND QUALITY**

11. At its last session the Group recognized the value of mapping the progress being made by producing countries towards the ISO 3720 as a benchmark and requested that this analysis be continued in order to track progress towards a universal standard. Document CCP:TE 12/6 constitutes this WG’s progress report.

### **E. INTERNATIONALLY COORDINATED ACTIONS ON TEA DEVELOPMENT PROJECTS**

12. 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 document CCP:TE 12/CRS2.

### **F. INTERACTIVE ELECTRONIC FORUM**

13. The Group requested that an electronic forum for the exchange of information amongst IGG members be devised. The Secretariat will demonstrate the use of the forum to the Group.

**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***Report of the evaluation of the Intergovernmental Commodity Groups*

15. At its last session, the Committee on Commodity Problems requested the Secretariat to establish an open-ended working group to consider various issues, including the working arrangements of the IGGs. Document CCP:TE 12/7 reports the evaluation of the Intergovernmental Commodity Groups.

**B. DATE AND PLACE OF THE TWENTY-FIRST SESSION****C. ADOPTION OF THE REPORT**