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COMMITTEE ON COMMODITY PROBLEMS

Sixty-fifth Session

Rome, 11-13 April 2005

**REPORT OF THE JOINT MEETING OF THE THIRTY-THIRD
SESSION OF THE INTERGOVERNMENTAL GROUP ON
HARD FIBRES AND THE THIRTY-FIFTH SESSION OF THE
INTERGOVERNMENTAL GROUP ON JUTE, KENAF
AND ALLIED FIBRES
Rome, Italy, 17 December 2004**

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V. LIST OF DOCUMENTS

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I. INTRODUCTION

1. The Joint Meeting of the Thirty-third Session of the Intergovernmental Group on Hard Fibres and the Thirty-fifth Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres was held on 17 December 2004 in Rome. It was attended by delegates from the following member countries: Angola, Bangladesh, Brazil, Colombia, Dominican Republic, Ecuador, Germany, Ghana, India, Indonesia, Kenya, Mexico, Nigeria, Poland, United Republic of Tanzania and Venezuela. Observers attended from the United Nations Industrial Development Organization (UNIDO), the Common Fund for Commodities (CFC), the International Jute Study Group (IJSJG) and the European Association for the Trade in Jute and Related Products (EUROJUTE).
2. The Meeting was opened by Mr Alexander Sarris, Director, Commodities and Trade Division, on behalf of the Director-General.
3. The Meeting elected Professor Kozlowski (Poland) as Chairperson, Mr Arnaldo de Baena Fernandes (Brazil) as First Vice-Chairperson and Mr Freddy Leal Pinto (Venezuela) as Second Vice-Chairperson.
4. The Meeting adopted the Provisional Agenda CCP: HF 04/1-JU 04/1.
5. The Meeting decided that its report would be prepared by the Secretariat following the Meeting and despatched to participants after being approved by the Chairman.

II. ECONOMIC AND POLICY ISSUES AND INTERGOVERNMENTAL ACTION ON HARD FIBRES AND JUTE

A. INFORMAL PRICE ARRANGEMENTS FOR SISAL, ABACA, AND JUTE

6. The Meeting noted the recommendations for sisal fibre and baler twine made by the Fourteenth Session of the Sub-Group on Sisal and Henequen Countries, held on 14 December 2004. The Meeting accepted the recommendation of the Sub-Group that:
 - The indicative price range for **East African UG fibre** should remain at **US\$840 to US\$900 per tonne, c.i.f. European ports;**
7. However, as additional information on prices of Brazilian sisal fibre and of sisal baler twine had become available since the Sub-Group made its recommendations, the Meeting did not accept these recommendations but rather decided that:
 - The indicative price for **Brazilian No. 3** fibre should be increased from the range US\$605 to US\$660 to the range **US\$680 to US\$740 per tonne c.i.f. European ports;**
 - The indicative price for sisal and henequen baler twine should be increased from **US\$19 to US\$23 per 18 kg bale of regular runnage c.i.f. United States and western Europe duty paid,** where applicable, if terms were cash against documents.
8. For jute, kenaf and abaca fibres, the Meeting made the following recommendations:
 - The indicative range of the **indicator price of abaca,** namely the average of S2, G and JK hand cleaned non Davao grades, **should remain at US\$128 to US\$185 per bale of 125 kg fob Manila port;**
 - The indicative price for **Bangladesh jute** should remain at **US\$450±US\$30 per metric tonne sight,** for BWD grade fibre fob Chittagong/Chalna;
9. The Meeting recalled the decision made at the 29th Session of the IGG on Hard Fibres in 1996 to amend its Rules of Procedure such that formal decisions might be made by the Bureau on behalf of the Group. Any country wishing to modify these indicative price arrangements before

the next Joint Meeting might communicate proposals to the Secretariat which would then seek the endorsement of the Bureau.

B. COMMODITY DEVELOPMENT ACTIVITIES: COMMON FUND FOR COMMODITIES (CFC) PROJECTS ON HARD FIBRES

10. The Meeting reviewed the progress of Common Fund for Commodities projects on hard fibres on the basis of document CCP: HF 04/2-JU 04/2 and with additional information provided by delegates and observers. It noted that the Intergovernmental Group on Hard Fibres, the International Commodity Body (ICB) for hard fibres under the rules of the CFC, was responsible for submitting proposals for commodity development projects to the CFC and for supervising the progress of these projects once implemented.

11. The Meeting noted that the results of five completed or almost completed projects had been presented to the Consultation on Natural Fibres during the previous two days, in which many Delegations had participated. These projects were: *Product and market development of sisal and henequen products*; *Abaca: Improvement of fibre extraction and identification of higher yielding varieties*; *Coir-based building and packaging material*; and two fast-track projects, *The comparative advantages of sisal, coir and jute in geotextiles*, and *Composite applications using coir fibres in Sri Lanka*.

12. The Meeting noted that the project *Coir-based building and packaging material* had been delayed beyond its originally-proposed completion date, having recently been extended to June 2005. It urged that all efforts be made to complete the project within this period, and that the results of the project be disseminated as widely as possible.

13. Some delegates pointed to errors in the publication *Comparative Advantages of Sisal, Coir and Jute Geotextiles*, CFC Technical Paper No 31. They were urged to provide detailed comments in writing to the Secretariat, which would then seek clarification from the author of the paper. The Meeting urged the Secretariat and the CFC to ensure that future reports be as accurate as possible, and that they contain all relevant technical and economic information.

14. The Meeting noted that preliminary work is being undertaken on the three-year project *Cleaner Integral Utilisation of Sisal Waste for Biogas and Bio-Fertiliser*, located in the United Republic of Tanzania, with the project executing agency, UNIDO, now seeking a contractor to design, build, install and commission a pilot demonstration facility to produce biogas from sisal leaf waste and use the gas in a pilot system for the generation and distribution of electricity, as well as to produce bio-fertilisers.

15. The Meeting noted that there were two projects that have been approved by the CFC but whose implementation is yet to start. These were, firstly, a three-year project to be located in Brazil, *Sisal Development - Sisal Fibre Replacing Asbestos in Cement Composites*, and secondly, *Pilot Facility for Efficient Coir Processing and Quality Control*, a two-year project in Sri Lanka. Legal documents for these projects are in the process of preparation and signature, and implementation of each is expected to commence in 2005.

16. The Meeting considered proposals for new projects. In doing so, it adopted the conclusions of the Thirteenth Session of the Sub-Group of Sisal and Henequen Producing Countries that two new proposals be endorsed, in principle. These were an extension of the project *Product and Market Development for Sisal and Henequen Products* to complete the Fibre Extraction plant development and feasibility study, and the *Programme for the Integrated and Sustainable Industrial Utilization of Agaves Species – Closing the Loops in the Agaves Sector: Economic and Social Impacts*. It urged the Secretariat to work with the parties involved in these proposals to ensure that they are fully formulated and submitted to the CFC for funding as soon as possible.

17. Following the discussion which had taken place in the Consultation over the previous two days, the Meeting requested that the Secretariat work with interested delegations to seek support from the CFC for a study, to be followed by a workshop, which would assess the current state of knowledge on composites and make recommendations on how the natural fibre industries might realise the potential for the increased use of natural fibres in composite materials.

18. The Meeting noted that the CFC relied on the IGG on Hard Fibres for technical assessment and evaluation of project proposals prior to their submission to the Fund, and it urged the Secretariat to seek the expert advice from IGG members and other experts where appropriate to ensure that project proposals were well founded, focussed on the needs of the fibre industries, and that they benefited from any previous work which might have been undertaken. It also noted that the CFC was unable to finance all the developmental work which might be required, and it requested the Secretariat to explore other sources of support for project work.

C. REPORTS ON SUBSIDIARY ACTIVITIES

(i) Report of the Intersessional Consultation on Fibres, Rome, 26 March 2004

19. The report of the Fifth Consultation was provided as document CCP: HF 04/3-JU 04/3. The Meeting agreed that this and other informal intersessional consultations which had been held in the past had been very useful, and requested the Secretariat, in consultation with the Chairman, to make arrangements for another consultation in the latter part of the year 2005. It requested that delegations of those countries with an interest in natural fibres should be invited to any future consultations held in Rome.

(ii) Report of the Fourteenth Session of the Sub-Group of Sisal and Henequen Producing Countries

20. The Meeting endorsed the Report of the Fourteenth Session of the Sub-Group of Sisal and Henequen Producing Countries, held in Rome, 14 and 16 December 2004, which was presented to it as document CCP: HF 04/5-JU 04/5, but noted that it had not accepted the recommendations of the Sub-Group on indicative prices for Brazilian sisal fibre and for sisal baler twine.

(iii) Report on the Consultation on Natural Fibres held in Rome, 15 and 16 December 2004

21. The Consultation on Natural Fibres which preceded the Joint Meeting heard a number of presentations on the results of Common Fund projects, and it discussed priorities for further research and development, focussing largely on the use of natural fibres in composite materials. Some delegates felt that prospects for the use of natural fibre in composites within fibre-producing countries were good, and that they should be explored. The Consultation reviewed the draft Commodity Development Strategy prepared for the Joint Meeting.

22. Presentations had been made to the Consultation on the current market situation for natural fibres and on projections to 2012. Lastly, the Consultation reviewed a paper on the Environmental Impact of Hard Fibres and Jute in Non-Textile Industrial Applications, which indicated that although natural fibres are more friendly to the environment than synthetics, the market performance of natural fibres depends on their relative price and technical characteristics, and their environmental friendliness is of less significance.

23. The Meeting agreed that the Consultation had provided a useful forum for the exchange of information and ideas, and it welcomed the expert presentations which had been made. It requested that the practice of holding such consultations in conjunction with formal meetings continue. Delegates noted the value of a consultation covering a broad range of natural fibres, and requested that efforts be made to collate information and conduct studies covering additional fibres. It urged that attempts be made to raise the profile of all natural fibres, and suggested that

the possibility of organising an event such as an International Year of Natural Fibres be investigated.

III. WORK PROGRAMME, MANDATE AND OPERATIONAL PROCEDURES

A. REVIEW OF THE STRATEGY OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES: PRIORITIES FOR FUTURE ACTIVITIES

24. The Meeting reviewed the draft Development Strategy of the IGG on Hard Fibres in document CCP: HF 04/4-JU 04/4, and recalled that this document had been discussed in the Consultation on Natural Fibres, 15 and 16 December 2004.

25. The Meeting endorsed the need for more up-to-date and detailed information on fibre markets, particularly on consumption and on emerging market trends. It recognised however that the Secretariat's ability to meet this need depended on it being provided with information by member countries. It also noted that the Secretariat had limited resources for this work and suggested that additional sources of funding might be explored.

26. It noted also that the consideration of trade issues in the Strategy might be developed further, to include not just border measures, but the impact which domestic support for fibres in developed countries has on the market for fibres produced in developing countries.

27. Noting that global events can move quickly, the Meeting considered that the strategy might be considered on a rolling basis at each Meeting of the Groups, rather than being reviewed periodically on a less frequent basis.

28. Many delegates also wanted the strategy to show a more direct focus on environmental issues, and to encompass a broader mix of fibres.

29. The Meeting requested that, in the light of this discussion, the Secretariat amend the draft of the Strategy and present it to the members of the Bureau for approval early in January 2005.

IV. OTHER MATTERS

A. DATE AND PLACE OF THE NEXT SESSIONS OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES

30. The Meeting agreed that the next Joint Meeting of the IGG on Hard Fibres and of the IGG on Jute, Kenaf and Allied Fibres should take place late in 2006, the exact date and venue to be determined by the Director-General in consultation with the Chairperson. It requested, however, that it not be held as close to Christmas as the present Meeting.

V. LIST OF DOCUMENTS

- CCP: HF/SP 04/1 Provisional agenda and timetable (14th Session of the Sub-Group of Sisal and Henequen Producing Countries)
- CCP: HF 04/1-JU 04/1 Provisional agenda and timetable (Joint Meeting of the 33rd Session of the IGG on Hard Fibres and the 35th Session of the IGG on Jute, Kenaf and Allied Fibres)
- CCP: HF 04/2-JU 04/2 Commodity development projects financed by the Common Fund for Commodities (CFC)
- CCP: HF 04/3-JU 04/3 Report of the 5th Intersessional Consultation on Fibres, Rome, Italy 26 March 2004
- CCP: HF 04/4-JU 04/4 Review of the strategy document of the IGG on Hard fibres: priorities for future activities
- CCP: HF 04/5-JU 04/5 Report of the 14th Session of the Sub-Group of Sisal and Henequen Producing Countries

Information documents

- CCP: HF/SP 04/Inf.1 List of delegates and observers (14th Session of the Sub-Group of Sisal and Henequen Producing Countries)
- CCP: HF-JU 04/Inf.1 List of delegates and observers (Joint Meeting of the 33rd Session of the IGG on Hard Fibres and the 35th Session of the IGG on Jute, Kenaf and Allied Fibres)

Conference Room Series (CRS) documents

- CCP: HF-JU 04/CRS.1 Product and Market Development for Sisal and Henequen Products: Proposal for Project Extension
- CCP: HF-JU 04/CRS.2 Programme for Integrated and Sustainable Industrial Utilization of Agaves Species-Closing the Loops in the Agaves Sector: Economic and Social Impact
- CCP: HF-JU/CRS.3 Indicative prices: Jute, Sisal and Abaca