



# COMMITTEE ON COMMODITY PROBLEMS

## Seventy-fourth Session

10-12 March 2021

### REPORT OF THE JOINT MEETING OF THE FORTIETH SESSION OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE FORTY-SECOND SESSION OF THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES (Beijing, the People's Republic of China, 22-24 October 2019)

## I. INTRODUCTION

1. The Joint Meeting (JM) of the Fortieth Session of the Intergovernmental Group (IGG) on Hard Fibres and the Forty-second Session of the IGG on Jute, Kenaf and Allied Fibres was held in Beijing, the People's Republic of China, on 22 -24 October 2019. It was attended by 25 delegates from the following member countries: Bangladesh, Brazil, the People's Republic of China, Germany, India, Kenya, Mozambique, Sri Lanka and Zimbabwe. Observers attended from the International Natural Fibres Organization (INFO) and the London Sisal Association (LSA).
2. The Session was inaugurated by Prof Qiu Huajiao, Deputy Director General of the Institute of Bast Fiber Crops (IBFC), Chinese Academy of Agricultural Sciences (CAAS). Other official dignitaries included Dr Wu Kongming, Vice President of CAAS and Dr Chen Wanquan, Director General of the IBFC. The opening statement was delivered by Mr Boubaker Ben-Belhassen, Director of the FAO Trade and Markets Division and Secretary of the Committee on Commodity Problems (CCP).
3. The Meeting elected Prof Chen Wanquan (People's Republic of China) as Chairperson, Mr Dilip Tambyrajah (the Netherlands) as First Vice-Chairperson and Mr Mohammed Belayet Hossain (Bangladesh) as Second Vice-Chairperson.
4. The JM adopted the Provisional Agenda (CCP: HF/JU 19/1) and the Provisional Timetable (CCP:HF/JU 19/Inf.1).
5. The JM decided that the draft report would be prepared by the Secretariat, for adoption on 24 October 2019.

## **II. ECONOMIC AND POLICY ISSUES**

### **A. CURRENT MARKET SITUATION AND MEDIUM TERM OUTLOOK**

6. The JM reviewed the current market situation and medium term outlook with the assistance of documents CCP:HF/JU 19/CRS 1 and CCP:HF/JU 19/CRS 2, which also contained production, trade and price tables that were prepared from the statistics provided by the Members of the IGG on Hard Fibres and the IGG on Jute, Kenaf and Allied Fibres.

7. The Group welcomed the Secretariat's report on the market situation and outlook of jute, abaca, coir, kenaf and sisal (JACKS) and reviewed the data and information contained therein. The item included presentations on country statistics and market information by Bangladesh, Brazil, People's Republic of China, Germany, India, Kenya, Mozambique.

8. The JM expressed its appreciation regarding the importance of FAO's market monitoring, assessment and outlook for JACKS and support to Members in this regard in order to contribute to achieving the Sustainable Development Goals, namely SDG 1 and SDG 2.

9. Delegates committed to provide to the Secretariat reliable and up-to-date data and information pertaining to their countries. The JM also urged all stakeholders to keep enhancing the monitoring of supply, demand, trade and prices of JACKS and to make the data and information available in a timely manner, with the aim to improve the availability of information and enhance market transparency for these products.

### **B. PRICE TRENDS FOR SISAL, ABACA, JUTE AND KENAF**

10. The delegates of the JM reviewed the document prepared by the Secretariat on price trends and prospects for the JACKS fibres. They took note of the price evolution and appreciated the data and information presented in the document.

11. Regarding the possibility of reporting on, and extending the analytical work to, the prices of JACKS manufactured products, Members advised against this, given the complexity of the markets, the many varieties of products and the large price ranges.

12. The JM was informed by the Sub-Group about the following forecasted prices for sisal:

- Brazilian Type 3 fibres between USD 1 200 and USD 1 400 per tonne, f.o.b.; and

- East Africa UG fibre between USD 1600 and USD 1800 per tonne, f.o.b.

13. Due to the absence of the major producing countries of abaca, it was not possible to forecast the price trends for this fibre.

### **C. REPORT ON SUBSIDIARY ACTIVITIES**

#### *i) Report of the Twenty-first Session of the Sub-Group of Sisal and Henequen Producing Countries*

14. The Report of the Sub-Group of Sisal and Henequen Producing Countries was presented and endorsed by the JM, and is appended as Annex 1.

#### *ii) Report of the Consultation on Innovation Research and Development Agenda for Hard Fibres (Abaca, Coir and Sisal, and Jute, Kenaf and Allied Fibres)*

15. Members were informed about the discussion of the Consultation on Innovation and Development Agenda for Hard Fibres and Jute, Kenaf and Allied Fibres, held on 21 October 2019, prior to the JM.

16. Members acknowledged the need to develop an action plan for Research and Development of the JACKS+ fibre industry, in collaboration with the IGG Secretariat. A draft could be presented at the next IGG JM. The plan shall take into consideration activities that would balance between the incremental changes and the more transformational changes needed in the sector. The planning would be driven by the relevant SDGs of the Post 2030 Agenda and contribute towards an Ecological Civilization. In addition to science and technology based measures, social innovation should be given due consideration. The action plan would require ambitious measures supported by resource mobilization activities.

#### **D. REVIEW OF STATISTICAL ISSUES**

17. The Secretariat made a brief presentation on issues and challenges pertaining to the current data collection process and the related cooperation, including the developed platform to exchange information which is fully functional. The JM highlighted the importance of data quality and harmonization in data collection and reporting processes as well as the need for countries to use a standard methodology so that data are comparable.

18. A point was raised regarding the use of data from sources other than the government. The Secretariat explained that the principal source of data is the government, given the intergovernmental nature of FAO; nevertheless, other market intelligence sources might be used as needed.

19. Related to the data collection exercise and the SDG monitoring framework, the Group suggested identifying a few relevant indicators for the sector that can be monitored to assess progress. It was agreed to have a session dedicated to this topic at the next JM in 2021.

20. Members underlined the importance of capacity development in the areas of data collection, statistics and the medium-term model, as well as on methodologies. The Secretariat emphasized the need to nominate country focal points to attend the capacity development workshops and liaise with the Secretariat on related matters.

### **III. INTERGOVERNMENTAL ACTION**

#### **A. TRENDS AND IMPACTS OF THE EMERGING ANTI-CONVENTIONAL PLASTIC BAGS POLICY: HARNESSING OPPORTUNITIES FOR NATURAL FIBRES DEVELOPMENT**

21. The Secretariat presented a document (CCP:HF/JU 19/2) assessing trends and impact of the rising anti-conventional plastic bag policies and underscoring opportunities they can offer for natural fibres, including JACKS and allied fibres. A number of delegates reported on experiences in their respective countries with regard to policies supporting the biopolymer sector and the measures applied to promote the use of JACKS products.

22. The JM stressed the need to invest in Research & Development, product diversification and branding. The importance of an enabling policy environment was also emphasized. Delegates also noted that increased use of JACKS as an alternative to plastics would require enhancing quality and supply reliability, as well as addressing market access and standardization issues.

23. The JM encouraged members to raise awareness of the potential of JACKS products and explore project opportunities around the growing market of biodegradable bags.

## **B. SESSION OF THE WORKING GROUPS**

24. The JM received presentations regarding the progress of the three established Working Groups on: (1) Life-Cycle Analysis and Sustainable Management (championed by India); (2) Foresight and Capacity Development (championed by INFO); and (3) Research and Development (championed by Tanzania).

25. Under the Life-Cycle Analysis and Sustainable Management, the JM agreed that the champion (INFO) would ask the members whether they wish to contribute to this work and how. This was seen as an important action in order to assess the need of continuing with the Working Group.

26. Under the Foresight Working Group, the JM recommended the design and elaboration of a concrete case study based on the methodology presented by the champion (INFO), to be presented to the members at the next IGG meeting in 2021.

27. Under the Research and Development Working Group, the JM urged experienced members to coordinate and take the lead. The People's Republic of China has kindly agreed to be the champion of this Working Group.

28. The JM was notified that INFO will be the new champion for the Life-Cycle and Sustainable Management Working Group.

## **IV. WORK PROGRAMME**

### **A. REPORT ON THE INDIAN JUTE INDUSTRY AND ITS LINKAGES WITH THE GLOBAL VALUE CHAIN (GVC)**

29. As the last JM underlined the need to conduct value chain analysis for different hard fibres, a report was presented (document CCP:HF/JU 19/3) analysing the jute value chain in India, mapping its actors from farmers to manufacturers of jute products, along with other service providers. The report highlighted the current position of India in the jute Global Value Chain (GVC) and the challenges faced by the domestic jute textile industry, as well as recommendations towards enhancing integration of Indian jute in the GVC.

30. The Members emphasized the need to increase productivity and explore new markets for Jute Diversified Products (JDPs), while recognizing the importance of traditional jute products. The JM expressed its desire to conduct value chain analysis on jute, and encouraged the Secretariat to do likewise for hard fibres. It was suggested to undertake a study on value chain analysis on coir and sisal.

### **B. THE FUTURE ACTION PLAN FOR THE INTERGOVERNMENTAL GROUPS ON HARD FIBRES AND ON JUTE, KENAF AND ALLIED FIBRES**

31. The Secretariat made a presentation on progress on the major recommendations made in past IGG Sessions and on opportunities arising from the current development context. The presentation led to a brainstorming exercise on different constraints affecting the implementation of the IGG Action Plan.

32. The JM welcomed the idea of developing a concrete and realistic Plan of Action to guide the future work of the Group. The Action Plan will cover the priority areas of work, including information, statistics, data harmonization, research and development, and a bankable project for funding and capacity building. It was agreed to establish a task force comprised of a core team to develop the elements of the action plan, which would be presented to the Group at the next JM.

33. As a first step, it was agreed to organize a 2-3 day workshop in Rome, with the participation of the core team, and the support of the Secretariat. It is envisaged that a facilitator will lead the process and prepare a report that would lay the ground for the Action Plan. The Action Plan will be presented at the next intersessional meeting in 2020.

## **V. OTHER MATTERS**

### **A. ANY OTHER BUSINESS**

34. The JM was informed about the draft resolution proposed by Bangladesh entitled the "Use of natural plant fibres, especially JACKS", which is currently being considered by the Second Committee for possible adoption by the 74th Session of the UN General Assembly (UNGA), and expressed unanimous support for the resolution.

35. The JM agreed to consider the possibility of organising a side event on the occasion of the 73rd Session of the FAO Committee on Commodity Problems (CCP), which will take place in Rome on 23-25 September 2020. This was considered as an excellent opportunity to increase the visibility of the work of the IGGs

36. The Members would consult regarding the date and venue of the intersessional meeting in 2020, taking into consideration the 2020 International Conference on Natural Fibre Crops to be held in the People's Republic of China.

37. The Members expressed their sincere thanks and high appreciation to the Government of the People's Republic of China, CAAS and IBFC for the excellent organization of the meetings and their very warm hospitality, which ensured the success of the meetings.

### **B. DATE AND PLACE OF THE NEXT SESSION**

38. The JM noted with appreciation that Bangladesh kindly offered to host the next Session of the JM to be held in 2021 in Dhaka.

39. Upon receipt of the official invitation letter from the Government of the People's Republic of Bangladesh, the Director-General would decide the date and place of the next Session of the Joint Meeting of the IGG on Hard Fibres and the IGG on Jute, Kenaf and Allied Fibres, in consultation with the Chairperson.

## **APPENDIX 1**

### **REPORT OF THE TWENTY-FIRST SESSION OF THE SUB-GROUP OF SISAL AND HENEQUEN PRODUCING COUNTRIES**

#### **I. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON**

1. The Sub-Group of Sisal and Henequen Producing Countries held its Twenty-first Session in Beijing, the People's Republic of China, on 22 October 2019. It was attended by delegates from Brazil, Kenya, Germany and Mozambique. Observers from the London Sisal Association also attended.
2. Mr Dickson Kibata (Kenya) was elected as Chairperson and Mr Rafael Oliveira (Brazil) was elected as Vice-chairperson.

#### **II. ADOPTION OF THE PROVISIONAL AGENDA**

3. The Sub-Group adopted the provisional agenda as submitted by the Secretariat.

#### **III. MATTERS FOR CONSIDERATION BY THE SUB-GROUP AND SUBMISSION TO THE GROUP**

4. A review of current developments in the sisal sub-sector was provided by each delegation. The Secretariat took note of them and would incorporate them in the revision of its current market situation and outlook.
5. The Sub-Group was informed by Brazil that the country replanted approximately 10 000 hectares about 2-3 years ago, but it would likely take another 2-3 years for the plants to reach maturity. It was noted that the pricing levels in Brazil are directly affected by the exchange rate between the Brazilian Real and the United States Dollar (USD), which fluctuates on a daily basis, as well as the prevailing weather conditions, as sisal is grown in a very dry area of the North-East of Brazil.
6. The main market for Brazilian sisal is the People's Republic of China, and the pricing of the fibre relative to locally grown sisal in China is key to the level of demand from this market. It was also noted that the high pricing of Brazilian sisal affects the prices of twine in the North American market, which results in a loss of market share to alternative methods of baling straw during the annual harvest.
7. The Sub-Group noted that in East Africa, the average price of Kenyan sisal between January and September 2019 was USD 1 588 per tonne, compared to last year's average price of USD 1 624 per tonne; however, this price was anticipated to rise for the rest of the year due to strong manufacturer demand and low output in Brazil, the main producing country in the world.
8. The Sub-Group was also informed that the price of Kenyan UG grade averaged USD 1 678 per tonne over the period January-September 2019, while the price of Kenyan Sisal Grade 3L averaged USD 1 900 per tonne.

#### **IV. PRICE TRENDS FOR SISAL FIBRE**

9. Delegates reiterated the relevance of the Sub-Group in assisting producing countries to arrive at a common position on expected price trends. However, building on the last session's consensus, the Sub-Group continued its discussion on indicative price levels.

10. The Sub-Group agreed on the following forecasts for prices:

- Brazilian Type 3 fibres between USD 1 200 and USD 1 400 per tonne, f.o.b.; and

- East Africa UG fibre between USD 1 600 to USD 1 800 per tonne, f.o.b.

11. The Sub-Group noted price differences within Tanzania and between Tanzania and Kenya. It was found that these price differences could arise from the limited handling capacity of small ports such as Tanga. It was recommended that the Port Authority grant greater flexibility in such ports.

#### **V. ANY OTHER BUSINESS, INCLUDING DATE AND PLACE OF THE NEXT SESSION**

12. The Sub-Group recommended that its Twenty-second session be convened at the site and immediately prior to the Forty-first Session of the IGG on Hard Fibres and the Forty-third Session of the IGG on Jute, Kenaf and Allied Fibres, in 2021.