



منظمة الأغذية
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联合国
粮食及
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Food
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Agriculture
Organization
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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
Unidas
para la
Agricultura
y la
Alimentación

COMMITTEE ON COMMODITY PROBLEMS

SIXTY-EIGHTH SESSION

Rome, 14 – 16 JUNE 2010

REPORT OF THE JOINT MEETING OF THE THIRTY-FIFTH SESSION OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE THIRTY-SEVENTH SESSION OF THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES AND THE SIXTEENTH SESSION OF THE SUB-GROUP OF SISAL PRODUCING COUNTRIES (PASAY CITY, PHILIPPINES, 20 – 22 OCTOBER 2009)

I. INTRODUCTION

1. The Joint Meeting of the Thirty-fifth Session of the Intergovernmental Group on Hard Fibres and the Thirty-seventh Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres was held on 21-22 October 2009 in Pasay City, Philippines. It was attended by delegates from the following member countries: Bangladesh, Brazil, Philippines, Sri Lanka, Sudan and the United Republic of Tanzania. Observers attended from the Asian and Pacific Coconut Community, the International Jute Study Group (IJSG) and the London Sisal Association.
2. The Honourable Arthur C. Yap, Secretary of the Department of Agriculture, opened the Joint Meeting on behalf of the Government of the Philippines, and the opening statement was given by Mr Kazuyuki Tsurumi, FAO Representative in the Philippines, on behalf of the Director-General. Secretary Yap and Administrator Cecilia Gloria J. Soriano of the Fiber Industry Development Authority launched the commemorative stamp featuring products of Philippine natural fibres in honour of the International Year of Natural Fibres
3. The Meeting elected Mr Wilson Andrade as Chairperson, Ms Paula Brazier (the London Sisal Association) as First Vice-Chairperson and Ms Cecelia Gloria J. Soriano (Philippines) as Second Vice-Chairperson.
4. The Meeting adopted the Provisional Agenda CCP: HF-JU 09/1 with the following amendments which were suggested by the Secretariat: Item II.B was moved to Item III.A; and Items III.A and III.B were modified as III.B and III.C. Items II. C, D and E became Items B, C and D.

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 POLICY ISSUES AND INTERGOVERNMENTAL ACTION ON HARD FIBRES AND JUTE

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

6. The Meeting reaffirmed the standpoint of the Sub-Group of Sisal and Henequen Countries in that the practice of setting indicative prices for sisal should continue as it was a reference point for farmers and was used by governments for policy making decisions.

7. The Meeting adopted the recommendations for sisal fibre and baler twine informal prices made by the Sixteenth Session of the Sub-Group of Sisal and Henequen Countries, held on 20 October 2009. These are as follows:

- The indicative price range for Brazilian No. 3 fibres should be set at USD 700 to USD 800 per tonne, f.o.b. Salvador;
- The indicative price range for East Africa UG fibre should remain at USD 800 to USD 1 000 per tonne, f.o.b.;
- The indicative price for sisal and henequen baler twine should be set at USD 24 to USD 26 per 18 kg bale of regular runnage, f.o.b. Salvador.

8. For jute and abaca fibres, the Meeting made the following recommendations:

- The indicative price for Bangladesh jute should be set at USD 630 per metric tonne sight, for BWD grade fibre f.o.b. Chittagong/Chalna;
- 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 USD 128 to USD 185 per bale of 125 kg f.o.b. Manila port.

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

9. The Meeting reviewed the status of Common Fund for Commodities projects and proposals on hard fibres on the basis of document CCP: HF-JU 09/2 and with additional information provided by delegates and observers.

10. The Meeting noted that five projects have been operationally completed since the last Joint Meeting in February 2007 and one project entitled: *Preliminary Feasibility Evaluation for Utilization of Sisal Liquid Waste (juice) for the Production of Pesticides and Veterinary Drugs* (a fast track) was in the process of being implemented.

11. The Meeting endorsed two proposals that were formally submitted to the group for such consideration. A fast track project: *Growing together: Future Forum 2020 (A Supply Chain Collaboration of the Hard Fibres Group)* (CCP: HF-JU 09/CRS 2) and *Upgrading Sisal Biogas to Bio-methane for Use as Fuel in Tractors and Other Vehicles* (CCP: HF-JU 09/CRS 1).

12. The Meeting endorsed the view that Phase II of the project entitled *Sisal Development: Sisal Fibre Replacing Asbestos in Cement Composites* should be refocused towards demonstrating the commercial viability of sisal-based internal boards for the construction sector through a pilot site, since the potential demand for low-cost and locally-sourced housing materials in many developing countries is considerable.

13. The Meeting recognised that natural fibre composite applications were the clear way forward for the sector, but more needs to be understood about the commercial and technical viability of these applications. To increase awareness of this potential, the Meeting agreed to seek assistance from the CFC. The Meeting acknowledged that a multi-fibre, multi-country project on natural fibre composites would be in the interests of implementation, since technical and economic comparisons would be facilitated more efficiently.

14. The Meeting reviewed the status of a proposal that it had endorsed in the past but which had yet to be approved by the CFC. The Meeting proposed that the project in question *Comparative Advantages of Figue and Abaca for Composite Applications* should be formally resubmitted if the results of a current project under the auspices of the International Jute Study Group entitled *Jute Reinforced Polyolefines for Industrial Applications: Phase II: Material Optimisation and Process Up-scaling for Commercialisation (CFC/IJSG/19)*, indicate the potential for commercial viability. The Meeting requested that the Secretariat work with the proponents of the proposal to obtain CFC approval for funding of the project.

15. The Meeting acknowledged the existence of a pipeline proposal which seeks to explore the commercial prospects of setting up of a coirboard manufacturing plant, based on the concepts and technologies developed in the earlier completed project *Coir-based Building and Packaging Materials*. The Secretariat informed the Meeting that it had not received any further details of the proposal, which was being developed using funds from the CFC's Project Preparation Facility (PPF) with the Philippine NGO Equal Margins Mindanao Inc (EMMI) as the lead institution.

16. The Secretariat informed the Meeting that under the CFC's second five-year action plan, several priority areas were established. These include *inter alia*: (i) supply chain efficiency and competitiveness; (ii) diversification and value addition; and (iii) market access and market development. It was mentioned that projects that pursue these indicative themes not only enhance the predictability of CFC financing, but also improve the overall consistency of CFC-financed projects and may support the mobilization of donor funds for the goal of commodity driven development. The Meeting agreed that the utilisation of waste material from fibre extraction would be congruent with the priority theme of "diversification and value addition".

C. STATUS OF THE INTERNATIONAL YEAR OF NATURAL FIBRES 2009

17. The Meeting reviewed progress in implementing and observing the International Year of Natural Fibres with guidance from the document CCP:HF-JU 09/3.

18. The Meeting noted that the International Steering Committee represented by natural fibre organizations and other stakeholders was responsible for overseeing implementation. It had established four objectives, (i) to raise awareness and stimulate demand for natural fibres; (ii) to promote the efficiency and sustainability of natural fibre industries; (iii) to encourage appropriate policy responses to the problems faced by natural fibre industries; and (iv) to foster an effective and enduring international partnership among the various natural fibres industries.

19. The Meeting recognized that as the lead agency in implementation, FAO required a working budget of around USD 2 000 000 to effectively implement the IYNF but external donations only amounted to around USD 57 000 with USD 110 000 divested from FAO's regular programme budget. The Meeting acknowledged that with such small outlays, FAO's achievements had nonetheless been considerable. The Meeting appreciated the informative website that FAO developed, a symposium on natural fibres, downloadable media material in several languages including a video, a poster, a brochure, T-shirt and bag designs for printing. In addition, a display of natural fibres and a fashion show was arranged to coincide with the 67th Session of the Committee on Commodity Problems earlier in the year.

20. The Secretariat informed the Meeting that without further funding, there appears little prospect of any new activities and initiatives beyond what FAO has already implemented. It is therefore unlikely that the widely anticipated closing event for the IYNF will take place.

However, the Meeting recognised that the objectives of the IYNF are long term, and a closing event would not be conducive to their ultimate realisation nor would a closing event be in the interest of sustainability. The Meeting supported an initiative to adjust the IYNF promotional material by removing reference to “2009” in order to maintain momentum.

21. The Meeting was not broadly supportive of the decision of the ISC in Frankfurt on 19 June 2009 to meet on an annual basis in conjunction with other fibre events. The Meeting felt that the visibility of hard fibres and jute was over shadowed by the larger natural fibre sectors of cotton and wool and participation at ISC sponsored events had not been very productive.

D. REPORTS ON SUBSIDIARY ACTIVITIES

i) Sixteenth Session of the Sub-Group of Sisal Producing Countries

22. The Sub-Group met on 20 October 2009, and its report is presented as Annex I to this report.

III. WORK PROGRAMME, MANDATE AND OPERATIONAL PROCEDURES

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

23. The Meeting reviewed the development strategy of the IGG on Hard Fibres which was presented in document CCP: HF 04/4-JU 04/4 (Revised). In doing so, it reflected on the discussion on development priorities that had taken place in the Consultation on the Global Challenges Facing Hard Fibres, Jute and Other Natural Fibres held immediately prior to the Joint Meeting. As global events can move quickly, the Meeting recommended actions to address the various developmental challenges under its development strategy. These include:

i) Expand markets and improve returns

a) Develop new outlets for fibre, particularly through the development of new products

24. Action: Identify new alternatives with most potential, particularly in composite materials. Seek and apply funding for further R&D and for market development as needed. Identify and work with partners in industry to promote the use of fibres in new applications. Create a database for the collection and dissemination of data for fibres where data does exist such as fibreglass replacement, nano technology and chemical energy.

b) Check erosion of the market for traditional fibre products

25. Action: While the promotion of traditional applications will have a lower priority than development of new applications, the Group will take any opportunity available to reduce or halt the decline in these markets.

26. Note i.a) and i.b): In seeking to develop new markets and to strengthen old ones under strategies a) and b) above, the Group will seek to maximise the advantages provided by the environmental friendliness of these fibres. In order to capitalise on any advantage that exists, it may be necessary to ensure that this environmental friendliness is not compromised, and to ensure that it is adequately demonstrated to the consumer. Action may be taken where necessary to improve the environmental attributes of hard fibres.

c) Increase the flow of market information

27. Action: The Secretariat will continue to improve its collection and dissemination of market and trade information and analyses. In doing so, the Group will provide the Secretariat with information.

d) Trade issues

28. Action: The Secretariat will continue to undertake analyses and provide information to the Group on the impact of developments in trade policies, domestic subsidies and other support and the evolution of international markets for fibre and fibre products.

*ii) Improve production and processing efficiencies, reduce costs***a) Improve efficiencies of production and processing, including the development of improved agronomic practices and new or modified plant species, so as to reduce costs and improve product quality**

29. Action: Resources will be sought for further efforts to reduce production and processing costs and increased productivity. The Secretariat will support research institutions and other bodies seeking funding to improve the efficiency of production and processing particularly for sisal and abaca and short fibres.

b) Investigate ways to exploit these plants for products other than fibre and utilize material which would otherwise go to waste

30. Action: The Secretariat will continue to support the Group in its endeavours to obtain support for activities to increase the saleable material produced from these plants.

c) Strengthen the institutional capabilities of the developing countries so as to be able to undertake their own research and development

31. Action: Continue to seek to include capacity-building elements within commodity development projects and improve networking among the Group.

B. (IMMEDIATE) INTERGOVERNMENTAL ACTION PLAN

32. Based on the Group's renewed strategy (Section III. A), the Joint Meeting devised and agreed upon the following intergovernmental action plan, which calls for immediate progress to be made in all strategic areas. For reference, the Action Plan was circulated as document CCP:HF-JU 09/CRS 5. Unless indicated otherwise, the Secretariat will be responsible for implementing the Action Plan under the guidance and assistance of the nominated 'Champions'. (How each component below of the action plan relates to the strategic framework outlined in Section A is given in the parentheses .)

a) Policy

- The activities to be included are comprehensive and complete listings of tariff and non-tariff barriers, as well as subsidies and domestic support

The Secretariat will compile the information to be published on the FAO website. (*Action, para. 28.*)

Champion: Mr Wilson Andrade (Chairperson).

b) Research and Development

- Agronomic
- Processing
- Markets

The Secretariat will design, construct and implement a database on these dimensions for fibres and fibre products. Database to be disseminated via FAO website. (*Action, para. 24.*)

Champions: Messrs Alcides Lopes Leão and Dilip Tambyrajah.

c) Analysis

- Market outlook and projections of raw materials and products
- Foundation for model building
- Annual market reports

- Strengthen and improve data capability through FAO Representatives and other sources
- Mechanism for dissemination and analysis

With input from producer/trading associations, international and national agencies and FAO Regional Offices, the Secretariat will co-ordinate the dissemination of short-term market analyses on fibre markets. The Secretariat will also embark on constructing a medium-term projections model for jute and hard fibres (and other competing fibres such as flax, hemp synthetics), encompassing trade, production and prices. The model will serve to assist with baseline projections and scenario analysis, including *inter alia* policy impacts, changes in competing fibre markets and macroeconomic shocks. (*Action, para. 27.*)

Champions: Asian and Pacific Coconut Community, The Jute Study Group, The London Sisal Association, Fiber Industry Development Authority and any others.

d) *Standards and certification*

- The technical committee to identify and review and harmonize existing standards and facilitate where none exist
- Certification/accreditation schemes and harmonize existing standards and facilitate where none exist

The Secretariat will survey existing standards for jute and hard fibres and their products and publish the results through the database described in b). The Secretariat, using its institutional capacity, will outline the process required for international standardisation, certification and accreditation (SCA). A road map for SCA for each specific fibre will be drawn up by the Champions, identifying obstacles that need to be overcome. (*Action, para. 24 & 25.*)

Champions: Messrs Dilip Tambyrajah, Alcides Lopes Leão and Peter Clasen.

e) *Value chain*

- Analysis of each fibre value chain
- Life-cycle analysis

The Secretariat will survey international value chains and for the set of fibres under the Group's auspices, enabling the identification of bottlenecks, inefficiencies and ineffectual coordination. It will also collect primary and secondary reliable information on the 'life-cycle' for each of the fibres, to ensure that environmental goals are being maximised, especially waste utilisation. This information will also assist in the promotion of jute and hard fibres as pro-environment commodities. Two reports, one outlining the status of international fibre value chains and the second, detailing fibre life-cycle analyses will be prepared and published. (*Action, para. 27, 28, 29 & 30.*)

Champion: Mr Salum Shamte.

f) *Promotion*

- Explore the possibility of developing a logo for hard fibres, jute, kenaf and other similar fibres
- Generic promotion
- Calendar of events
- Travel to local exhibitions and events
- Production of promotion materials

The Secretariat will explore possibilities on developing an encompassing logo/mark for the said fibres. This would be in a similar vein to that used by the wool sector – i.e., the 'woolmark'. For the purposes of generic promotion, the Secretariat will also modify IYNF media material by removing reference to '2009' and provide the new material to the Group when travelling to exhibitions and events. The Group will inform the Secretariat about forthcoming major jute and hard fibre events, which will be listed on the Web Site. Funds permitting, the Secretariat will participate at key events or enlist Members to participate on the Group's behalf. (*Action, para. 24 & 25.*)

Champion: Ms Cecilia Gloria J. Soriano.

g) Networking

- E-groups/blogs
- Share information
- Advertise websites
- Prioritize

The Secretariat will liaise with the Champion to promote the work of the Group via electronic means, to facilitate capacity building through the sharing of technical and market information and to identify current and emerging priorities. (*Action, para. 31.*)

Champion: Mr Wilson Andrade (Chairperson).

C. FUTURE ROLE OF THE INTERGOVERNMENTAL GROUPS ON HARD FIBRES AND ON JUTE, KENAF AND ALLIED FIBRES

33. In response to the request from the Committee on Commodity Problems (CCP) for a review of the present and future role of Intergovernmental Commodity Bodies to improve the effectiveness of these bodies to meet the current needs of the international commodity economy, the Meeting agreed on the following recommendations:

- The Joint Meeting should be held on a regular basis (every two years) as the uncertainty of not having the meetings regularly was undesirable.
- To schedule an Intersessional Meeting in between the regular Joint Meeting
- The role of the IGG in commodity development should be expanded by involving other donors apart from the CFC, such as IFAD, EC, DFID, etc. and possibly the private sector, allowing the IGG to be a formal interface between donors and beneficiaries, and pave the way for the much talked about investment in agriculture.
- Participation by the private sector should go beyond being advisors to delegations.
- Given the significant shift in market power over the commodity value chain, include capacity-building as a major activity to assist growers in negotiating a remunerative share of the final market price.
- Consider conducting meetings in only one language to reduce translation and interpretation costs

IV. OTHER MATTERS

A. DATE AND PLACE OF THE NEXT SESSION OF THE JOINT MEETING OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES AND THE SUB-GROUP OF SISAL PRODUCING COUNTRIES

34. The Meeting agreed that the next Joint Meeting of the Intergovernmental Group on Hard Fibres and of the Intergovernmental Group on Jute, Kenaf and Allied Fibres should take place in approximately two year's time, the exact date and venue to be determined by the Director-General in consultation with the Chairperson.

B. OTHER BUSINESS

35. No other business was discussed.

ANNEX I

**REPORT OF THE SIXTEENTH SESSION OF THE
SUB-GROUP OF SISAL PRODUCING COUNTRIES
Pasay City, Manila, Philippines, 20 October 2009**

I. INTRODUCTION

1. The Sub-Group of Sisal and Henequen Producing Countries held its Sixteenth Session at the International Philippine Convention Center in Pasay City, Philippines, on 20 and 21 October 2009. It was attended by delegates from Brazil, Sudan and the United Republic of Tanzania. Observers from the London Sisal Association also attended.
2. The Sub-Group adopted the agenda following the Secretariat's recommendation that projects for submission to the Common Fund for Commodities be discussed at the Intergovernmental Group on Hard Fibres.
3. Mr Hamisi Mapinda (United Republic of Tanzania) was elected as Chairperson and Mr Salih Abubkr (Sudan) as Vice-Chairperson.

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

**A. RECOMMENDATIONS REGARDING PRICES OF SISAL FIBRE AND
HARVEST TWINE**

4. The Sub-Group, assisted by information provided by the Secretariat on the current price situation, undertook a detailed discussion of price incentives for sisal and henequen fibre products. It was noted that mainly due to the strengthening of the Brazilian real vis-à-vis the US dollar, the indicative price range for Brazil No. 3 fibres of USD 620 to 680 set at the last Session had been surpassed.
5. The Sub-Group recommended that the practice of setting indicative prices for sisal should continue as it was a reference point for farmers and was used by governments for policy making decisions.
6. The Sub-Group made the following recommendations:
 - The indicative price range for Brazilian No. 3 fibres should be set at USD 700 to USD 800 per tonne, f.o.b. Salvador;
 - The indicative price range for East Africa UG fibre should remain at USD 800 to USD 1 000 per tonne, f.o.b.;
 - The indicative price for sisal and henequen baler twine should be set at USD 24 to USD 26 per 18 kg bale of regular runnage, f.o.b. Salvador.
7. The Sub-Group requested that the Secretariat review the methodology and propose changes if necessary. It was further suggested that in reviewing the methodology the Secretariat also take into account the other grades.

III. OTHER BUSINESS

A. DATE AND PLACE OF THE SEVENTEENTH SESSION

8. The Sub-Group recommended that its Seventeenth Session be convened at the site of and immediately prior to the Thirty-seventh Session of the Intergovernmental Group on Hard Fibres.