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et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

COMMITTEE ON COMMODITY PROBLEMS

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REPORT OF THE FOURTEENTH SESSION OF THE INTERGOVERNMENTAL GROUP ON CITRUS FRUIT Rome, 27-28 March 2007

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I. INTRODUCTION

1. The Fourteenth Session of the Intergovernmental Group on Citrus Fruit was held from 27 to 28 March 2007 at FAO Headquarters, Rome. It was attended by 44 delegates from the following members: China, Colombia, Cuba, Cyprus, Ecuador, European Community, Germany, Greece, Guatemala, India, Indonesia, Iran (Islamic Republic of), Israel, Italy, Kenya, Libyan Arab Jamahiriya, Mexico, South Africa, Spain, Sri Lanka, Thailand, Tunisia, Uganda, United States of America and Zimbabwe. In addition, observers from the following organizations attended: Common Fund for Commodities (CFC), Eucofel, Freshfel Europe, Inter-American Citrus Network (IACNET) and Liaison Committee for Mediterranean Citrus Fruit Culture (CLAM).
2. The opening ceremony was presided by Mr Alexander Sarris, Director, Trade and Markets Division, who welcomed the participants on behalf of the Director-General of FAO. Mr Sarris highlighted the challenges facing the citrus industry such as climate change, the spread of diseases, the concentration of the retail industry and the proliferation of private standards. He pointed to the rising concerns of consumers over food safety and the environmental and social impacts of agricultural production. The citrus industry can meet these concerns and add value to its products, he added, through, *inter alia*, the use of enhanced techniques of production, post-harvest and processing, improved varieties, innovative packaging and private certification programmes such as organic agriculture or fair trade.
3. The Group elected Mr Hagen Streichert (Germany) as Chairperson and Mr Rachid Elloumi (Tunisia) as Vice-Chairperson.
4. The Session adopted the provisional agenda, circulated as document CCP: CI 07/1. The Group agreed that its report would be prepared by the Secretariat after the Session and despatched to participants after being approved by the Chairperson.

II. ECONOMIC AND TRADE ISSUES

A. MARKET SITUATION AND SHORT-TERM OUTLOOK

5. The Group assessed the conditions in the global citrus economy in 2005/2006 and 2006/2007 with the aid of documents CCP: CI 07/CRS.1 and CCP: CI 07/CRS.7. The Secretariat summarized the major events that occurred since the last meeting in 2003, where it highlighted significant fluctuations of production mainly due to weather-related phenomena; the increasing share of grapefruit and lemon production by the Southern Hemisphere; the growing output of citrus in China and the potential for expansion in the medium term; and firm prices and a shortage of FCOJ in world markets during the past two years, together with an increasing concentration of world FCOJ exports by Brazil. CLAM asked whether the Secretariat had prepared projections on future production of new citrus varieties and whether the citrus market was likely to be in a surplus or a deficit situation in the short term. It requested data on the development of the citrus sector in China. Sri Lanka requested information about the impacts of fruit fly on citrus output.
6. The situation of Mediterranean production and exports of fresh citrus was presented by CLAM, followed by a presentation on the market for off-season citrus in the European Community (EC) and the changes in supply expected in the medium term. In the ensuing discussion, participants noted that the fall in grapefruit production in Florida had not been totally offset by the rise in other countries such as China, Israel and Turkey. CLAM noted that property rights are becoming increasingly important for new citrus varieties. In this respect, the citrus sector is likely to follow the lead of the apple industry where trade marks and the so-called "variety clubs" play a critical role. Answering a question from the EC delegate, the speaker from CLAM indicated that there are prospects for increased imports of oranges from the Southern Hemisphere in the new Member States of the EC where consumption is only half of that in the other Member States. As for easy-peelers, the growth potential is more limited and it is thought to

be essential to select the right varieties. The delegate of Tunisia expressed interest in early citrus varieties but said that late varieties face the competition of abundant summer fruits from May and June and therefore their potential should not be overestimated.

B. REVIEW OF DEVELOPMENT IN SANITARY AND PHYTOSANITARY POLICIES AFFECTING CITRUS TRADE

7. The Group reviewed the trends in sanitary and phytosanitary (SPS) policies regarding citrus fruits with the aid of document CCP: CI 07/3. CLAM commented that in addition to the countries mentioned in the document, China and the Republic of Korea have many phytosanitary restrictions on citrus imports. The EC delegate highlighted that the EC has no import ban in place on citrus fruit. Specific phytosanitary measures were imposed on Argentina and Brazil in 2004 to prevent the spread of black spot, but these countries could still export to the EC. The measures were lifted for Argentina in March 2007.

8. The Secretariat presented a summary of recent bilateral SPS agreements aided by document CCP: CI 07/2. A representative from CLAM mentioned that the Japanese market is now open for Italian blood oranges following the signing of an agreement between Italy and Japan, and that the Italian citrus industry is now working towards a similar agreement with the United States. The delegate of Spain explained that a test container of Spanish clementines had been refused entry at the port of Shanghai because the importer had not notified the port authorities of its arrival. He added that Spain had signed SPS agreements with Mexico and the Republic of Korea. The delegation of the EC stated that while third countries can access the EC market without phytosanitary protocols, EC citrus exporters have to negotiate protocols with third countries in order to obtain market access.

9. The Group heard two presentations on the Sterile Insect Technique (SIT) to combat the Mediterranean fruit fly (documents CCP: CI 07/CRS.11 and CCP: CI 07/CRS.9). This technique has proved effective in several countries and the Group felt it was important to support its diffusion where appropriate. A review of developments in citrus research in Calabria was presented (CCP: CI 07/CRS.13).

III. INTERGOVERNMENTAL ACTION ON CITRUS

A. PROPOSALS FOR THE COLLECTION AND DISSEMINATION OF MORE DETAILED STATISTICAL DATA ON CITRUS

10. The Secretariat presented document CCP: CI 07/5 which firstly, explains how the suggestions made at the previous session of the Group have been implemented and secondly, proposes additional measures to increase the quantity and quality of data collected by the Group. It circulated form CCP: CI 07/CRS.4, a questionnaire to be filled by Members to update and increase the sources of data on citrus. The Group welcomed these proposals. The delegations of EC and CLAM offered to provide detailed data on citrus, in particular easy peelers. The former requested the Secretariat to provide more in-depth analysis of its data. The Group recognized the importance of the market for organic citrus in view of its considerable growth potential and the difficulty in obtaining the data. The delegate of the EC expressed strong interest in obtaining data on organic citrus. The Group agreed that Members should make a serious attempt at providing this data. The delegation of China proposed that form CCP: CI 07/CRS.4 be sent to the permanent representations to FAO, which will be responsible for dispatching it and coordinating the replies of their country. The Group endorsed this proposal and requested Members to also provide the details of the persons in charge of citrus statistics in their governments.

11. The Group heard a proposal from the Meeting Programming and Documentation Service (KCCM) of FAO (document CCP: CI 07/CRS.5) regarding the terminology for tangerines (easy peelers). While the Group acknowledged that the sole purpose of the review was to clarify the terminology to be used for the collection, analysis and dissemination of statistical data within the Group, CLAM insisted on the importance of distinguishing between the various sub-categories as there are substantial trade interests and patented varieties. CLAM proposed that the Spanish equivalent of the English term “tangerines” should be “Grupo Mandarinas”. In addition, they suggested that this Group should be further subdivided into “subgrupo clementinas”, “subgrupo satsumas” and “subgrupo híbridos”. The delegate from Spain supported the proposal, but the delegate from the EC warned that this would not be in accordance with the EC nomenclature. The EC also proposed to use code 0805.20 of the Harmonized System. The Chairperson suggested simplifying the terminology by calling the English category “tangerines” under the name “Mandarin Group”. He also proposed to specify three sub-categories within this group, as proposed by CLAM and supported by Spain. The delegate from China suggested that the Secretariat give each country the freedom to specify what product and product classification they would like to include into their statistics. Lengthy discussions ensued among those present, and the Chair concluded by asking the Secretariat to request from member countries, via their FAO representations, what citrus products they would like to include within each of the sub-groups of the “Mandarin Group”.

B. STATUS OF PROJECTS RELATED TO THE COMMON FUND FOR COMMODITIES (CFC)

12. The item covering progress on citrus projects submitted to the Common Fund for Commodities (CFC) was introduced by the Secretariat with the assistance of document CCP: CI 07/4. The delegate of Guatemala enquired on the delay in starting the project “Improving Production of Citrus Planting Material in the Caribbean Basin”. The representative of the CFC informed that the Loan Agreement had not yet been signed by Guatemala, and that in addition the Project Implementation Agreement was still outstanding. The representative urged member countries to advance on the signature of the Loan Agreements, as the Board of Directors was going to review this project in April 2007 with a view to making a decision on whether to pursue it any further or to cancel it, so that the earmarked funds could be allocated to alternative projects.

13. The delegate of South Africa enquired about the process of making project proposals to the CFC. The representative of the CFC welcomed the interest of South Africa and expressed his wish that the preliminary talks in Yaoundé materialize in South Africa becoming a member of the CFC.

14. A representative from CLAM informed the Group that a project for the establishment of a Sterile Insect Technique (SIT) *Medfly* plant in Tunisia was being discussed by Tunisia and Italy, including the possibility of co-funding by the CFC. The delegate from Tunisia informed of the conditions which the Government of Tunisia would consider before endorsing the proposal, including the country allocation of production and environmental protocols with the Government of Italy. An observer from the Joint FAO/IAEA Programme, which assists Member Countries of FAO and IAEA in the use of nuclear techniques and related biotechnologies for developing improved strategies for sustainable food security, informed the Group of a programme recently developed for designing cost-competitive SIT factories, and offered their support during project preparation.

15. The Inter-American Citrus Network (IACNET) informed the Group of three project ideas for possible co-funding by the CFC. The first one, a System to Protect the Caribbean Basin and the Gulf of Mexico Against Pests of High Economic Impact, with a duration of three years and an estimated total cost of US\$3.5 million. The second one, a Management System for Good Agricultural Practices for Citrus in the Americas, for a duration of three years and an estimated cost of US\$314 000. The third and final project idea, a Management System of Citrus Genetic Resources in the Americas, with a duration of five years and a total estimated cost of US\$2.2 million.

C. STRATEGIC PRIORITIES FOR THE CITRUS SECTOR: FAO/CFC CONSULTATIVE FORUM ON CITRUS

16. The CFC and the International Commodity Bodies (ICBs) met at FAO Headquarters in Rome on 3 April 2006, and agreed to strengthen their interaction in identifying priority areas of cooperation. The CFC requested that each ICB identify themes and priority areas, and this forum was organized as a response to this request. The representative of the CFC presented to the Group the Programme Approach with the help of document CCP: CI 07/CRS.6, and invited member countries to identify priorities for CFC project funding during its forthcoming Five-Year Action Plan (2008–2012). The Group contributed to the debate by examining its priorities with the assistance of document CCP: CI 07/6. The delegate from the EC observed that the Secretariat should limit the number of priorities dealing with citrus, and that mid term projections would be of particular interest to the EC. The delegate from Kenya expressed interest in the processing of citrus industry by-products, as well as help in obtaining and/or keeping a pest-free status in citrus producing areas.

17. Observers to the session also expressed their views on priorities. CLAM expressed interest in market projections; the impact of market concentration and market power by traders; new markets with potential for expanding fresh citrus demand; the impact of SPS within the context of regional trade agreements; the market potential of new varieties; technological innovation at processing level; remote sensing; and generic promotion. CLAM showed a particular preference for looking into SPS and trade, and market projections. CLAM also informed of a study being carried out about the projections of supply, demand and prices in light of new plantations in the Mediterranean, with the results expected to be ready for the next Session of the Group. The representative from EUCOFEL (Association européenne de commerce de fruits et légumes) expressed interest in research on public and private standards, and fruit juice markets. Finally, the representative from IACNET detailed the priorities defined in their last Annual Meeting of October 2006 with the help of document CCP: CI 07/CRS.14 as follows: management and use of available citrus genetic resources, Good Agricultural Practices, product traceability, and phytosanitary alert systems in the Americas.

18. The representative of the CFC took stock of the discussions and put to the consideration of the Group the following list of priorities:

- a) Food safety and productivity enhancement through the development and dissemination of environmentally sustainable pest control techniques that would reduce the application of chemicals on citrus cultivation for the production and trade of premium price organic product by smallholders and SMEs (Example Sit Med-Fly Control Phase II Project in Northern Africa).
- b) Quality and productivity enhancement through citrus variety detection, characterization and selection, with the active involvement of farmers organizations, enabling the identification, dissemination and multiplication of best yielding varieties adapted to specific regions, climates and proprieties of the soil.
- c) Optimal supply chain management through vertical integration and value addition on citrus, including processing of fresh fruit in fresh juice and juice concentrate.

- d) Enhanced Market Access for small-holders and Quality development through the assistance to farmer organizations in meeting good agricultural practices (GAP) and the improvement and dissemination of sanitary and phytosanitary standards in citrus.
- e) Development of a market study on the supply and demand of citrus fruit, that would highlight the medium-term trends on citrus production and trade, identify new profitable markets and address the threats of substitute products. The study could be followed by an international conference for the identification of a regional strategy, opportunities and threats for the development of the citrus sector.
- f) Market development through the application of traceability techniques in the marketing of citrus fruits. Quality and origin certifications would help differentiating premium price geographical origins and combating alimentary frauds.

19. The Secretariat put to the consideration of the Group the possibility of holding parallel events in the forthcoming sessions. The Group expressed its satisfaction for the active participation of members and observers, and agreed that the current arrangements are satisfactory. It was nevertheless concluded that any potential changes in the ways of working within Intergovernmental Groups should be dealt with at CCP level.

IV. DATE AND PLACE OF THE NEXT SESSION

20. The date and place of the next session of the Group will be determined by the Director-General in consultation with the Chairman of the Group. However, the Group welcomed the possibility raised by the delegate of Israel that the next meeting might be held in Israel.