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COMMITTEE ON COMMODITY PROBLEMS

Seventy-second Session

Rome, 26-28 September 2018

**REPORT OF THE JOINT MEETING OF THE THIRTY-NINTH
SESSION OF THE INTERGOVERNMENTAL GROUP ON HARD
FIBRES AND THE FORTY-FIRST SESSION OF THE
INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED
FIBRES
(Tanga, the United Republic of Tanzania, 15-17 November 2017)**

I. INTRODUCTION

1. The Joint Meeting (JM) of the Thirty-ninth Session of the Intergovernmental Group (IGG) on Hard Fibres and the Forty-first Session of the IGG on Jute, Kenaf and Allied Fibres was held from 15 to 17 November 2017 in Tanga, the United Republic of Tanzania. It was attended by 25 delegates from the following member countries: Germany, Haiti, India, Kenya, Sri Lanka and the United Republic of Tanzania. Observers attended from the International Cotton Advisory Committee (ICAC), International Natural Fibres Organization (INFO) and the London Sisal Association (LSA).
2. The Session was inaugurated by Hon. Dr Charles Tizeba, Minister for Agriculture of the United Republic of Tanzania. The Minister appreciated the broad participation in the Consultation on Sisal and Hard Fibres Social Development in Tanzania. The opening statement was delivered by Mr Jean Luc Mastaki, Secretary of the IGG on Hard Fibres, the IGG on Jute, Kenaf and Allied Fibres and of the Sub-Group of Sisal and Henequen Producing Countries, on behalf of the Director-General.
3. The JM elected Mr Salum Shamte (the United Republic of Tanzania) as Chairperson, Mr Oliver Reimer-Wollenweber (Germany) as First Vice-Chairperson and Mr Sushil R. Gaikwad (India) as Second Vice-Chairperson.
4. The JM adopted the Provisional Agenda CCP: HF/JU 17/1 and the Provisional Timetable CCP:HF/JU 17/Inf.2 as presented by the Secretariat.
5. The JM decided that its report would be prepared by the Secretariat for adoption on 17 November 2017.

II. ECONOMIC AND POLICY ISSUES

A. CURRENT MARKET SITUATION AND MEDIUM TERM OUTLOOK

6. The JM reviewed the current market situation and the medium term outlook with the assistance of documents CCP:HF/JU 17/CRS 1 and CCP:HF/JU 17/CRS 2 which contained production, trade and price tables compiled from statistics provided by 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 monitoring of jute, abaca, coir, kenaf and sisal (JACKS). It was recommended to extend the price analyses to various processed and manufactured products, as well as those of competing products. It was further recommended that the Secretariat report prices and production levels by quality and grade of various fibres and fibre products.

8. The JM encouraged the Secretariat to provide more analyses that help identify key drivers behind changes in markets, notably changes in production, trade, prices and use. Such analyses should be extended to the medium term outlook with an attempt to gauge the impact of sector-specific and macro-economic changes.

9. The JM recommended establishing an outlook process that would harness the expertise of the Groups and, at the same time, the formal modelling skills of the Secretariat. Similar to the monitoring work, the information on medium term prospects would be provided by the member countries.

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

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

11. The Sub-Group forecast the following sisal price trends:

- Brazilian Type 3 fibres between USD 1 450 and USD 1 550 per tonne, f.o.b.; and
- East Africa UG fibre between USD 1 650 to USD 1 850 per tonne, f.o.b.

12. 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 Twentieth Session of the Sub-Group of Sisal and Henequen Producing Countries

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

ii) Report of the Consultation on Sisal Social Development in Tanzania

14. The JM was appraised on the major findings of the Consultation on Sisal Social Development in Tanzania, which was a side-event of the JM.

D. REVIEW OF STATISTICAL ISSUES

15. The JM reviewed the statistical issues with the assistance of document CCP:HF/JU 17/CRS 5 and expressed its appreciation on the timeliness and quality of the data provided by the Secretariat. Delegates recognized the specificity and the importance of obtaining up-to-date data for evidence based policy making, which is unique to the work of the Secretariat. The JM noted that not all data sources were reliable and up-to-date. A small working group was formed to examine the risks of shifting to alternative data sources and would report back to the Groups at the next session. It was suggested to supplement official information with up-to-date market intelligence and other sources.

16. The Chairperson requested the JM to form a dedicated working group to suggest a way forward on statistical matters. The working group expressed overall appreciation of the quality and timeliness of statistical information provided by the Secretariat in the past. In addition, the working group recommended:

- Creating a dedicated, interactive website for member countries to provide, consult and share updates on statistical information on a real-time basis;
- Systematically validating trade data and the underlying codes of the harmonized system (HS);
- Providing monthly data and analysis, where possible; and
- Providing information and analysis on a crop year basis, where necessary, in addition to calendar year data.

17. The website would also serve as a basis for peer review of data provided by the member countries, consistency checks and provision of market information. The site would be modelled after the existing Tea Forum portal where confidentiality of sensitive information is ensured. The objective is to establish a comprehensive online fibre forum.

18. The delegate from Sri Lanka gave a presentation on the importance of coconut and coir production for the economy of Sri Lanka. She underlined the high degree and diverse forms of use of coconut products. The JM encouraged producers of the other fibres to draw lessons from the high utilization of coconut products.

19. In line with the findings for coir, the JM emphasized the key messages arising from the Opening Statement of H.E. Hon. Dr Charles Tizeba, including to:

- Stimulate domestic consumption of fibre and fibre products;
- Actively encourage higher use of by-products; and
- Increase productivity and quality to ensure higher competitiveness, both on domestic and international markets.

E. REVIEW OF THE SISAL INDUSTRY: THE MARKET'S PROSPECTS AND POLICY

20. The JM reviewed this agenda item with the assistance of document CCP:HF/JU 17/2. The Secretariat provided an update on the global market situation for sisal, emerging forms of alternative use of sisal and sisal products, as well as issues and challenges related to their making inroads into new markets. Challenges include providing consistently high quality produce, characterized low humidity and high purity.

III. INTERGOVERNMENTAL ACTION

A. A BOTTOM-UP PARTICIPATORY FORESIGHT APPROACH FOR JUTE, ABACA, COIR, KENAF AND SISAL (JACKS), LEADING THE WAY FORWARD TO 2030

21. The JM reviewed this agenda item with the assistance of document CCP:HF/JU 17/3, which was presented and endorsed by the Groups, and recommended follow-up action. The JM cautioned against the considerable resource implications and emphasized capacity development needs of such an endeavour.

B. SESSION OF THE WORKING GROUPS

22. The JM has regularly raised concerns about the progress made in implementing the Working Groups' Agenda. The JM discussed this issue with the assistance of document CCP:HF/JU 17/6. Based on past experience, the Groups decided to assign countries as the champions of the Working Groups, as opposed to individuals, who would be responsible for reporting on progress. To this end, the JM encouraged the Working Groups to hold regular virtual meetings and recommended that they commence their work as soon as possible. The intersessional meeting in 2018 would then offer the opportunity for the Working Groups to meet in person and update the JM on progress made.

23. The JM identified the following Working Groups and their champions:

- The Working Group on Life-Cycle Analysis and Sustainable Management (LCA/SM)
- The Working Group on Foresight and Capacity Development (Foresight/CD)
- The Working Group on Research and Development (R&D)

	LCA/SM	Foresight/CD	R&D
Champion:	India	INFO	Tanzania
Country			
Germany		✓	
Haiti	✓		✓
India	✓	✓	✓
Kenya		✓	✓
Sri Lanka	✓	✓	✓
Tanzania	✓	✓	✓
Observer			
Ghana		✓	✓
INFO	✓	✓	✓
LSA		✓	

24. The Secretariat would notify other members of the Groups to explore their interest in joining any of the Working Groups.

25. The Working Groups would be responsible for preparing their own terms of reference and plans of action, while the Secretariat is committed to providing quality assurance and consistency. It was recommended that the Working Groups pursue their efforts with a view to informing future project proposals. New opportunities for such projects may arise from the need to prepare the global fibre economy to challenges stemming from climate change.

IV. WORK PROGRAMME

A. REPORT ON THE FUTURE DIRECTION OF JUTE NATURAL FIBRE IN INDIA, WITH SPECIAL REFERENCE TO THE AGRO-TEXTILES INDUSTRY

26. The JM considered this agenda item with the assistance of document CCP:HF/JU 17/4 and a presentation. The JM recommended extending the analysis to other fibres. The JM further recommended identifying opportunities for farmers to capture higher shares in the value chain. A means of achieving this is through the creation and promotion of brands. These in turn would require certification schemes that reflect quality standards as well as social and environmental attributes.

B. THE FUTURE ACTION PLAN FOR THE IGG ON HARD FIBRES AND THE IGG ON JUTE, KENAF AND ALLIED FIBRES

27. The future action plan for the Groups is reflected in section III.B of this report.

V. OTHER MATTERS

A. ANY OTHER BUSINESS

28. No other matters were discussed.

B. DATE AND PLACE OF THE NEXT SESSION

29. 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 collaboration with the Chairperson. India expressed interest in hosting the next session, and the JM encouraged others to also consider hosting the event.

APPENDIX 1

REPORT OF THE NINETEENTH 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 Twentieth Session in Tanga, the United Republic of Tanzania, on 14 November 2017. It was attended by delegates from Haiti, Kenya and the United Republic of Tanzania. Observers from the London Sisal Association also attended.
2. Mr Deogratius Ruhinda (the United Republic of Tanzania) was elected as Chairperson and Mr Joseph Pierre-Yves Gardère (Haiti) 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. In particular, the Sub-Group noted that sisal prices remained firm, driven by growth in demand in the construction sector and the continued supply shortfall in Brazil.
5. Demand for sisal fibre from both Brazil and Africa has been in excess of production since the last session of the Sub-Group, keeping prices at high levels. The Sub-Group agreed that consistently high prices would eventually have a negative impact for some end-users and would be detrimental to the whole sisal industry, encouraging a shift towards alternatives.
6. Since the middle of 2015, demand for Brazilian sisal fibre, primarily from China, has dropped, and this, coupled with the movements in the exchange rate of the Real against USD, has impacted on the pricing level of all Brazilian grades. The collapse in the Chinese domestic market has been a significant drag on the export of raw sisal from Brazil. It is difficult to predict how long this effect is likely to persist.
7. Adjusted for quality, impurities and humidity, Brazilian prices remained high relative to those fetched in East Africa. Brazilian sisal is, however, grown and processed with different technologies and used for different purposes. For these reasons, the impact of the Brazilian sisal prices on African sisal prices is likely to be a temporary phenomenon only.
8. The industry recommended stricter grading regulations and the enforcement of existing grading standards through tighter inspections. Such measures would ensure that large quantities at consistent high quality levels could be provided, a prerequisite for large-scale industrial demand. The need to consistently meet high quality standards would require added capacity development efforts, particularly for smallholders.

IV. PRICE TRENDS FOR SISAL FIBRE

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

10. The Sub-Group forecast the following price trends:

- Brazilian Type 3 fibres between USD 1 450 and USD 1 550 per tonne, f.o.b.; and
- East Africa UG fibre between USD 1 650 to USD 1 850 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-first session be convened at the site and immediately prior to the Fortieth session of the IGG on Hard Fibres, possibly in 2019.