



BTC TRADE FOR DEVELOPMENT



***WILD-COLLECTED BOTANICALS
AND THE EU MARKET***



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Summary

Introduction

The Trade for Development Centre (TDC – www.befair.be) of the Belgian Development Agency (BTC) aims at economic and social empowerment of small producer organisations, by both enhancing business knowledge and improving their access to markets.

TDC implements a Producer Support Programme through which financial and technical assistance is provided to producer organisations. Within the framework of this programme, TDC has decided to carry out a market study on wild-sourced botanicals and the EU market, thus anticipating the growing opportunities for these products in the food, cosmetics and pharmaceutical industries.

In this context, the study focuses on wild-collected medicinal and aromatic plants (MAPs) which have a potential for livelihoods enhancement and conservation action. Moreover, these species are assessed in terms of sustainable trade. The countries covered in the first part of this study are Bolivia, Peru, Ecuador, Tanzania, Mozambique and Vietnam. The countries in the second part are Algeria, the Palestinian Territory Senegal, Mali, Niger, Benin, Uganda, Rwanda, Burundi and Congo (DRC).

Market channels and high-potential segments

Wild-collected medicinal and aromatic plants (MAPs) can be exported both as raw materials and as processed products, such as extracts or essential oils. Traditionally, most extraction has taken place in Europe. More recently, for certain MAPs, this is shifting towards the countries of origin, which offers good value addition opportunities for actors in developing countries.

Most commonly, ingredients are exported through exporters or processors and end up being used in one of the three segments covered in the study: the food, the cosmetic and the health industries. Within these segments, four high-potential sub-segments are identified:

- Food supplements (health)
- Cosmeceuticals (cosmetics)
- Natural and organic cosmetics
- Organic/fair trade food ingredients (food and cosmetics)

The cosmetics and food industries generally rely more on cultivation than the herbal medicine industry, particularly when supply security plays an important role. Variations in type of buyer influence the choice between using wild-collected or cultivated species as well.

MAP sector in the focus countries

PART 1

In 4 out of the 6 focus countries analysed in the first part of the study, the development of the industry is at an advanced stage.

Bolivia, Peru and Ecuador are focused more on export of raw materials and derivatives, while Vietnam is increasingly focused on supplying regional and local (herbal medicine) markets with final products. In these more developed countries, (sustainable) use of wild resources is much higher on the policy agenda and has been supported by various programmes of donors and national governments.

In contrast, the organisation of collection, trade, processing and export of wild collected botanicals is in a more nascent state in Tanzania and especially in Mozambique. The wild botanical sector in these countries is less commercially oriented and, although both countries have established legislative frameworks for resource use, the implementation on the ground is unclear.

PART 2

Most of the 10 focus countries from the second study have an extensive traditional use of MAPs.

However, the development of the industrial use of MAPs varies. Most developed countries are Algeria, Uganda and Senegal, whereas industries in Benin, Niger and Rwanda are least developed. Compared to these, the other countries, Congo (DRC), Mali, Palestinian Territories and Burundi had an average industrial use. Development of industrial use depends greatly on political stability.

Biodiversity systems varied from Mediterranean climates, deserts and tropical climates. Countries with rich biodiversity include Congo (DRC), Algeria, Benin, Senegal and Uganda.

Legislative and non-legislative requirements

As wild-collected natural ingredients, the most important legislative requirements are EU Wildlife Trade Regulations, CITES and the Nagoya protocol for Access and Benefit-sharing. This section covers legislative requirements for food and cosmetic products, as well as regulations for the health industry, which are the most difficult to comply with. The requirements for the health industry deal with herbal medicine products and food supplements.

For natural ingredients aimed at the herbal medicine segment, producers need to comply with specific legislation from the start of the value chain. For herbal medicine, these also include legislative requirements on Good Agriculture and Collection Practices for raw materials and GMP for further processed ingredients.

With respect to non-legislative requirements, these can be categorised into certifications to change/improve operations of small producer organisations or to distinguish the botanicals or extracts they sell from other, similar products. In the latter category, standards specifically relevant for wild-collected MAPs include FairWild standards, Fair for Life and Ethical BioTrade.

Trends and developments

- Growing importance of sustainable wild-collection and ethical sourcing.
- Growing demand for healthy and natural products.
- Increasing market for organic ingredients and products.
- Safety is increasingly placed at the forefront.
- More control on substantiation of claims.
- Vertical integration of supply chains enforces responsibility for quality along the chain.
- More emphasis on traceability in quality management.
- A shift in processing towards origin countries is observed, as producers in these countries are increasingly able to comply with strict EU requirements.
- EU companies are increasingly looking for ways to differentiate themselves from their competitors.
- For certain MAPs, supply constraints exist in the European market.
- Industry consolidation and horizontal integration make the landscape less clear and more difficult to find truly specialised companies.

European imports

The trade in MAPs and their extracts is not further specified into particular species or whether the sources are cultivated or wild-collected, which puts limitations on providing detailed and quantitative information. Studies have shown that over 70% of trade volume in MAPs is sourced from wild collection, while it is estimated that 80-90% of the species traded internationally come from wild-collection.

In 2013, total European imports of MAPs (cultivated as well as wild-collected) amounted to 180 thousand tonnes, representing a value of € 635 million. From 2009 to 2013, volume of imports increased by 4% annually, while value increased by 7% annually. In 2013, more than half of imports of MAPs originated from outside Europe. Main non-EU suppliers were Egypt, India, Morocco, and China.

The largest European importers of MAPs are traders in Western Europe, such as Germany, Spain, France and the Netherlands. In addition, East European countries steeply increased imports of MAPs. However, as these markets represent a small share of the total European market, total imports are still much smaller when compared to other countries. Examples of these fast-growing importers are Poland, Czech Republic and Hungary.

With respect to the imports of *extracts (liquorice and other vegetable extracts)*, these amounted to 66 thousand tonnes in 2013, representing a value of € 583 million. Annually, extracts grew by 2% in terms of volume and almost 8% in terms of value, in the period 2009-2013. Compared to liquorice (42% of volume), the value of other vegetable extracts was almost 10 times as high, as import price was much higher. Leading European importers of extracts were the Netherlands, Germany, France and the UK.

Main current European trading partners of focus countries

Focus country	Total exports value (2012)	Major European trading partners (% of total exports 2012)
Bolivia	€ 9.2 million	Belgium (3%), Switzerland (2%), UK (1%), Spain (1%)
Peru	€ 35.7 million	Switzerland (11%), Germany (4%), Spain (4%), Italy (2%)

Ecuador	€ 18.5 million	Italy (2%), Spain (2%), Germany (2%), Netherlands (1%)
Tanzania	€ 4.3 million	Switzerland (14%), Germany (5%) Belgium (3%), Netherlands (2%)
Mozambique	€ 2.7 million	Netherlands (27%), UK (5%), Italy (3%), Switzerland (3%)
Vietnam	€ 69.6 million	Germany (3%), UK (2%), Netherlands (2%), France (2%)

Source: ITC, 2013

Focus country	Total exports value (2013)	Major European trading partners (% of total exports 2013)
Palestinian Territory	€ 608 million (2012)	UK (0.3%), Belgium (0.3%)
Algeria	€ 49.7 billion	Spain (16%), Italy (14%), UK (11%)
Senegal	€ 1.9 billion	Switzerland (9%), France (4%)
Mali	€ 2 billion (2012)	Switzerland (12%), France (3%)
Niger	€ 1 billion	France (40%), Switzerland (4%)
Benin	€ 478 million	Netherlands (2%), Denmark (2%)
Uganda	€ 1.8 billion	Switzerland (7%), Netherlands (4%), Germany (3%)
Rwanda	€ 467 million	Italy (0.5%), UK (0.3%)
Burundi	€ 157 million	Switzerland (7%), Belgium (2%)
Congo (DRC)	€ 7.9 billion	France (5%), UK (4%)

Source: ITC, 2014

All the focus countries already have some trade relations with a number of the European countries which have been identified in the study as promising EU export markets: Germany, France, UK, The Netherlands, Italy, Spain, Belgium and Poland. Each of these EU markets play an important role in the trade of MAPs and related ingredients in one or more of the segments covered: food, cosmetics and health.

Important opportunities and threats

Opportunities	Threats
Growing markets	Short-lived trends
Sustainability	Unreliable supply and/or collection
Value addition at origin	Technological limitations
Certifications	Complying with strict (non-)legislative requirements
Marketing stories	Limited awareness of new origins
Specialty segments	Vertical & horizontal integration
Healthy and natural	Competitors
New market segments/product groups	Cultivation
Supply restrictions	

The table below shows the 20 species investigated in the first part of the study. It also shows the regulatory framework of these species according to the three segments covered.

Priority list of wild-collected MAPs

Region/ Country	Botanical name	Common name	Cosing	European Pharmacopoeia	Herbmed¹	Food supplement	Novel Food
			Cosmetics	Health		Food	
Latin America: Bolivia (BOL), Ecuador (ECU) and Peru (PER)							
BOL, PER	<i>Myroxylon balsamum</i>	Bálsamo de Tolú	Yes	Yes	Not listed	Yes	No
BOL, PER	<i>Uncaria tomentosa</i>	Cat's Claw	Yes	Yes ²	3 traditional use 5 clinical trials 4 patents	Yes	Food suppl.

¹ Data from Herbmed is added where publically available.

² For this species, the [European Medicine Agency](#) has assigned a rapporteur to develop a Community herbal monograph.

BOL, ECU, PER	<i>Genipa americana</i>	Jagua	Yes	No	Not listed	No	No
BOL, ECU, PER	<i>Croton lechleri</i>	Dragon's blood	Yes	No	Not listed	No	No
BOL, ECU, PER	<i>Oenocarpus bataua</i>	Bataua	Yes	No	Not listed	No	No
BOL, PER	<i>Bertholletia excelsa</i>	Brazil nut	Yes	No	Not listed	No	Allowed
BOL, PER	<i>Aniba rosaeodora</i>	Rosewood	Yes	No	Not listed	No	No
ECU	<i>Euterpe oleracea</i>	Açaí	Yes	No	To be added	Yes	Allowed
PER, BO	<i>Tabebuia serratifolia</i>	Yellow Lapacho	Yes	No	Not listed	No	No
PER	<i>Krameria lappacea</i>	Peruvian Rhatany	Yes	No	Not listed	Yes	No
East Africa: Mozambique (MOZ) and Tanzania (TAN)							
MOZ, TAN	<i>Prunus africana</i>	Red Stinkwood	Yes	Yes ²	Not listed	Yes	No
MOZ, TAN	<i>Adansonia digitata</i>	Baobab	Yes	No	Not listed	Yes	Allowed
MOZ, TAN	<i>Kigelia africana</i>	Sausage tree	Yes	No	Not listed	No	No
MOZ, TAN	<i>Ximenia americana</i>	Ximenia	Yes	No	Not listed	No	No
MOZ, TAN	<i>Sclerocarya birrea</i>	Marula	Yes	No	Not listed	No	Allowed
MOZ	<i>Balanites aegyptiaca</i>	Desert date tree	Yes	No	Not listed	No	No
TAN	<i>Moringa oleifera</i>	Moringa	Yes	No	Not listed	No	Only leaves
Asia							
Vietnam	<i>Litsea cubeba</i>	May Chang	Yes	No	Not listed	No	No
	<i>Illicium verum</i>	Star anise	Yes	Yes	To be added	Yes	Not novel
	<i>Melaleuca leucadendra</i>	Cajeput tree	Yes	No	Not listed	Yes	No

The table below shows the 20 species investigated in the second part of the study. Due to the geographical and climatic similarities between them, the sub-Saharan countries were divided into two groups: West Africa (Senegal, Mali, Niger and Benin), Central Africa (Congo (DRC), Uganda, Rwanda and Burundi). The table below also shows the regulatory framework of these species according to the three segments covered.

Priority list of wild-collected MAPs

Region/ Country	Botanical name	Common name	Cosing	European Pharmacopoeia	Herbmed ³	Food supplement	Novel Food
			Cosmetics				
Sub-Saharan Africa:							
West Africa (WA - Senegal, Mali, Niger, Benin) and Central Africa (CA - Congo (DRC), Uganda, Rwanda, Burundi)							
WA, CA	<i>Acacia nilotica</i>	Babul acacia	Only related species	Only related species	Yes	Yes	No
WA, CA	<i>Aframomum melegueta</i>	Grains of Paradise	Yes	No	No	Yes	No
WA, CA	<i>Anogeissus leiocarpus</i>	African birch	Yes	No	No	Only related species	No
WA, CA	<i>Butyrospermum paradoxum</i>	Shea	Yes	No	No	No	No
WA, CA	<i>Indigofera arrecta</i>	Natal indigo	Only related species	No	No	No	No
WA, CA	<i>Khaya senegalensis</i>	Dry-zone mahogany	Yes	No	No	No	No
WA, CA	<i>Parkia biglobosa</i>	African locust bean	Yes	No	No	No	No

³ Data from Herbmed is added where publically available.

WA, CA	<i>Daniellia oliveri</i>	African copaiba balsam	Yes	No	No	No	No
WA, CA	<i>Piliostigma thonningii</i>	Camel's foot	No	No	No	No	No
WA, CA	<i>Xylopia aethiopica</i>	Selim pepper	Yes	No	Yes	No	No
WA, CA	<i>Vernonia amygdalina</i>	Bitter leaf	Only related species	No	No	No	No
WA	<i>Cola nitida</i>	Cola tree	Yes	Yes	No	Yes	Yes
WA	<i>Combretum micranthum</i>	Kinkeliba	Yes	No	No	Yes	No
WA	<i>Pterocarpus erinaceus</i>	African rosewood	Only related species	No	No	No	No
CA	<i>Desmodium adscendens</i>	Desmodium	Yes	No	No	Only related species	No
CA	<i>Tagetes minuta</i>	Tagetes	Yes	No	No	No	No
North Africa and Middle East: Algeria (ALG) and the Palestinian Territory (PAL)							
ALG, PAL	<i>Artemisia herba-alba</i>	White wormwood	Yes	Only related species	Yes	No	No
ALG, PAL	<i>Rosmarinus officinalis</i>	Rosemary	Yes	Yes	Yes	No	No
ALG, PAL	<i>Thymus vulgaris</i>	Thyme	Yes	Yes	Yes	No	No
PAL	<i>Ceratonia siliqua</i>	Carob	Yes	No	Yes	Yes	Yes

For these priority species, species factsheets were written, which contain: product definition, applicable European market segments, market trends, opportunities and threats, business and sustainability needs. Additionally, several business and sustainability recommendations were identified, with corresponding support needs. These are relevant for all priority species.

Conclusions

Support needs have been identified for the priority species, which are especially important for the priority species that are entirely new on the European market. Technical support needs cover compliance with the regulatory framework; species identification and composition; and the feasibility and assessment of local capacities. Moreover, producers need support to determine their competitive edge and value addition proposition, for which sustainability and certification schemes are useful, as well as further processing. Other opportunities to create a competitive edge include quality management and traceability, proper documentation and building the right story for the right segment. Marketing and positioning wild-collected products on the European market are crucial to enter the European market, especially when species are new products or compete with cultivated sources. Producer organisations can help in building needed marketing stories.