Welcome to INP Market Bulletin

The Indigenous Natural Products (INP) Activity of Millennium Challenge Account Namibia (MCA-N) has set as one of its goals the collation and dissemination of market-related information on indigenous plant products in Namibia, in order to empower indigenous plant products producers, service providers, traders, international buyers and other stakeholders. This Activity will function through the National Botanical Research Institute (NBRI) in the Ministry of Agriculture, Water and Forestry and will ensure that INP stakeholders are kept informed about production and recent developments in the market place.

This INP Market Bulletin serves as a forum for the dissemination of market-related information on indigenous plant products in Namibia. It presents a preliminary report, prepared within the framework of the MCA-N INP Activity, with an overview of production and exports and a review of market conditions and trends for selected indigenous plant products.

At this stage, the intention is that the INP Market Bulletin will appear bi-annually. We therefore welcome any feedback on the type of information that should be made available and suggestions for improving the bulletin.

THE MARKET IN BRIEF

The local Namibian market for indigenous natural products has both formal and informal components. Products that have traditionally been used in Namibia, such as marula oil, nuts, juice and beer, are sold on the informal market. Some of these products are also establishing themselves in the formal market: marula food oil and beer, for example, are now sold at Eudafano Women’s Cooperative in Ondangwa. The formal market further extends to value-added products such as hoodia (capsules, gel and drops) and devil’s claw (tea and capsules), and skin and hair care products containing ingredients derived from ximenia and marula oil, which are sold in local supermarkets and herbal shops. A detailed report on locally available Namibian indigenous natural products as well as an article focusing on value addition will be included in the next issue of INP Market Bulletin.
**THE MARKET IN BRIEF**

**Devil’s claw**
Devil’s claw continues to be the main export commodity in the indigenous plant products industry. During 2010, Namibia exported about 336 000 kg of devil’s claw, worth more than N$10 million. European countries, in particular Germany, were the main export destinations; there was a slight increase in exports to South Africa.

**Hoodia**
The international market for hoodia remains depressed. Nevertheless, there was an estimated increase of 1 716% in the production of hoodia capsules for the export market in 2010.

**Marula oil**
Exports of marula oil for cosmetics applications showed significant recovery in 2010. Total export volumes increased by 111%, from 3 419 kg in 2009 to 7 220 kg in 2010, generating total earnings of N$1.34 million. New market opportunities are anticipated for the 2011 production year, which should also result in increased local production.

**Ximenia oil**
The market for ximenia oil showed signs of recovery in 2010. While there were no exports recorded for 2009, total exports for 2010 amounted to 1 520 kg.

**Kalahari melon seed (KMS)**
There were no exports of KMS oil during 2010, and no revival in the market is anticipated for 2011. The high production cost of the oil was the main reason for this.

**Commiphora resin**
The 2010 production of Commiphora resin was reduced due to there being a remaining stockpile from the 2009 harvest. The total harvest of resin for 2010 was 3 089 kg, which is the lowest since 2007.

### Total exports of selected indigenous plant products: 2009 – 2010

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>Value (N$)</th>
<th>2010</th>
<th>Value (N$)</th>
<th>% change in volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devil’s claw</td>
<td>379 000</td>
<td>12 000 000</td>
<td>296 000</td>
<td>10 360 000</td>
<td>- 22%</td>
</tr>
<tr>
<td>Hoodia</td>
<td>7 196</td>
<td>616 948</td>
<td>7 759</td>
<td>*179 750</td>
<td>+ 8%</td>
</tr>
<tr>
<td>Kalahari melon</td>
<td>6 019</td>
<td>564 113</td>
<td>0</td>
<td>1 330 000</td>
<td>+ 111%</td>
</tr>
<tr>
<td>oil</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marula oil</td>
<td>3 419</td>
<td>0</td>
<td>7 220</td>
<td>1 330 000</td>
<td>+ 111%</td>
</tr>
<tr>
<td>Ximenia oil</td>
<td>0</td>
<td>0</td>
<td>1 520</td>
<td>117 840</td>
<td></td>
</tr>
<tr>
<td>Commiphora resin</td>
<td>6 094</td>
<td>*426 580</td>
<td>3 089</td>
<td>*154 400</td>
<td>- 49%</td>
</tr>
<tr>
<td>Total</td>
<td>401 728</td>
<td>22 043 528</td>
<td>315 589</td>
<td>12 203 610</td>
<td>- 21%</td>
</tr>
</tbody>
</table>

* N$ distributed to harvesters

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Marula fruit
MARKET UPDATE: DEVIL’S CLAW

The 2010 harvesting season for devil’s claw ended in October after eight months of production. Total exports of devil’s claw have declined significantly over the past ten years. The steepest declines were recorded in 2004/2005, and in 2009/2010. Although no investigation was carried out to determine the contributing factors to the decline of 2004/2005, there are some indications that the global financial crisis was responsible for that of 2009/2010. The third INP Market Bulletin will seek to throw some light on the potential obstacles that hinder the export of INP products to international markets.

In 2010, the main export destinations for Namibian devil’s claw were dominated by Europe. With imports of 117 tonnes of devil’s claw, accounting for 46% of the 252 tonnes exported to European countries, Germany remained the most important single market.

Export volumes of devil’s claw to South Africa increased in 2010 to a total of 44 tonnes. This is a rise of 214% compared to the 14 tonnes exported in 2009. There was also a fall in 2010 in exports to South Korea and Switzerland, which had been important markets in 2009.

Sustainable harvesting of devil’s claw is expected to improve during 2011 because of the training activities being offered around the country, as part of the MCA-N Producer and Processor organisations’ Support sub-activity (see the article on the new devil’s claw policy on p. 10).

MARKET UPDATE: HOODIA

The bulk of Namibian hoodia exports in 2010 went to African countries (7 140 kg), with South Africa being the most important importer. This is because Namibian exporters/producers export hoodia material to South Africa for sterilisation and the production of value-added products (capsules, gel and drops) which are subsequently re-imported into Namibia. This trend was also apparent in the 2009 production figures.

The international market for hoodia has been in decline following the announcement in 2009 by Unilever that it was removing hoodia from its development portfolio. In response to this announcement, farmers from southern Namibia who had been involved in the mass cultivation of hoodia also reduced their production.
Total export of hoodia capsules from Namibia (2009 and 2010)

<table>
<thead>
<tr>
<th>Continent of destination</th>
<th># of capsules 2009</th>
<th># of capsules 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oceania</td>
<td>13 500</td>
<td>410 090</td>
</tr>
<tr>
<td>Europe</td>
<td>2 888</td>
<td>121 220</td>
</tr>
<tr>
<td>Africa</td>
<td>18 200</td>
<td>61 950</td>
</tr>
<tr>
<td>Australia</td>
<td>0</td>
<td>17 100</td>
</tr>
<tr>
<td>Asia</td>
<td>0</td>
<td>9 000</td>
</tr>
<tr>
<td>America</td>
<td>0</td>
<td>9 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34 588</strong></td>
<td><strong>628 360</strong></td>
</tr>
</tbody>
</table>

On a positive note, exports showed some signs of recovery in 2010. The number of hoodia capsules exported to various markets rose to 628 360 in 2010 from 34 588 in 2009 – an increase of 1 717% (see Table 2). Oceania was the foremost importer, with 410 090 capsules in 2010, followed by Europe with 121 220 capsules in 2010, up from 2 888 in 2009. Other new markets included Asia and America.

The substantial increase in the demand for hoodia capsules is not linked to the world economic recovery, as it is in the case with other pharmaceutical products. In the case of hoodia, other factors are responsible, notably a small number of producers sending products to various markets to keep the industry active until interest is rekindled and/or a larger market is identified.

In a recent development, the South African Council for Scientific and Industrial Research (CSIR) spearheaded a consortium, including the Hoodia Growers’ Association (HOGRAN), to try to acquire funding to conduct more research into safety and efficacy with a view to reinvigorating interest in product development. Although this has not yet met with success, such efforts will continue to receive support from Namibian stakeholders, as this is a crucial step for any further development of new products which could boost the production and supply of plant material in Namibia and South Africa.

MARKET UPDATE: MARULA OIL, XIMENIA OIL AND KALAHARI MELON SEED OIL

Namibian oils experienced improved performance in 2010. While no exports were recorded for KMS oil, exports for marula oil and ximenia oil showed significant increases. Most of the oil that was sold during 2010 was stock from the 2009 production.

The easing of the international economic crisis resulted in favourable export earnings for marula oil in 2010. A total of 7 220 kg of unrefined marula oil was exported in 2010 (111% higher than in 2009); this was valued at N$13.4 million (135% higher than in 2009).

Price and demand were stable for marula oil for 2010, but exporters were more concerned with the € : N$ exchange rate. From late 2008 to early 2009, the Namibia Dollar had been trading at 13 : 1 against the Euro, but in 2010, the Namibia Dollar appreciated to 9.2 : 1 Euro. The appreciation of the Namibia Dollar against major currencies had an adverse effect on export earnings.

Recent developments in markets for Namibian oils

Efforts are underway to increase marula food oil demand in the local market in order to increase production at Eudafano Women’s Cooperative and increase the income derived by women involved in the supply chain. These efforts are to include packaging labels providing information on the nutritional content and specifications of ingredients.

On the international market, it has been difficult to provide market information for cosmetic oils for 2010 that might inform decisions relating to production scales. With the production of kernels beginning in mid-2011, the processors/traders are hopeful that their usual buyers will provide purchasing forecasts for 2011 so as to enable them to plan production accordingly. Various inquiries
from potential international buyers for cosmetic oils in 2011 have been received, and may translate into actual purchases.

Reasons for the lack of demand for KMS oil
Potential buyers of KMS oil have indicated that the oil produced in Namibia is too expensive in comparison with similar substitute oils, and that there is no novelty ingredient to justify the high pricing. Efforts to revive the market should focus on reducing the cost of production, including innovative methods of oil production, commercial uses for by-products and promotion in the local market.

Ximenia production 2010
A total volume of 1 520 kg was exported in 2010, generating export earnings of N$125 000 (approx. €13 680 at an exchange rate of N$9.2 to the Euro). This constitutes a positive recovery in the market for ximenia oil, as there were no exports for 2009. Market projections for 2011 are that 1 500 kg will again be exported to the EU market, the main importer of Namibian natural oils.

MARKET UPDATE: COMMIPHORA

The total harvest for the “perfume plant” in Kunene Region was lower for 2009/2010 than it had been for the previous production year. During 2009/2010, the commercial harvest was restricted to two conservancies because of the stockpile of resin from the previous season, and sluggish demand resulting from the global financial crisis.

Total income for conservancies from commiphora (2008 – 2010)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marienfluss</td>
<td>77 000</td>
<td>44 652</td>
</tr>
<tr>
<td>Okondjombo</td>
<td>26 480</td>
<td>109 748</td>
</tr>
<tr>
<td>Orupembe</td>
<td>69 270</td>
<td>44 652</td>
</tr>
<tr>
<td>Puros</td>
<td>95 520</td>
<td>109 748</td>
</tr>
<tr>
<td>Sanitatas</td>
<td>36 000</td>
<td>154 400</td>
</tr>
<tr>
<td>Total</td>
<td>304 270</td>
<td>154 400</td>
</tr>
</tbody>
</table>

Source: IRDNC

In all, 3 089 kg of commiphora resin were harvested in 2010, with an export value of N$216 020 (the equivalent US$30 000). This constitutes a decline of 49% from the 6 094 kg harvested in 2009. Income earned by harvesters in 2010 amounted to N$154 400; 142 harvesters were registered during the 2009/2010 harvesting season.

Recent developments in the commiphora sector
Five conservancies in Kunene Region signed a benefit-sharing agreement with an international buyer, under which a premium of 10% on the price will be paid to the conservancies in recognition of their traditional knowledge. The average price for commiphora resin for the export market is US$10.00/kg.

Commiphora resin is the first indigenous plant product in Namibia to be the subject of a benefit-sharing agreement with an international buyer in terms of the Convention on Biodiversity’s Access and Benefit Sharing Protocol (the Nagoya Protocol). The Access and Benefit Sharing Protocol adopted in 2010 aims to regulate access to genetic biological resources, as well as to traditional knowledge, and to ensure the fair and equitable sharing of benefits derived from their uses.
WILL NEW EUROPEAN REGULATIONS AFFECT MARKET DEMAND FOR DEVIL’S CLAW?

As of 1 May 2011, all herbal products that are marketed in the European Union and classified as medicines must have a traditional-use registration, a well-established-use registration or a full marketing authorisation. If a product does not have the appropriate license, it will either have to be taken off the market or be marketed as a food or food supplement without a health claim, as appropriate. This enforcement is based on the Traditional Herbal Medicinal Products Directive (THMPD), which the European Union adopted in 2004 as an amendment to earlier medicines legislation (EU Directive 2001/83/EC) that required all human medicines, ranging from pharmaceuticals to herbal medicines, to obtain full marketing authorisation. The THMPD is meant to provide a simplified registration process for traditionally used herbal medicines that do not meet the stringent efficacy standards for obtaining marketing authorisation as medicines.

This new legislation is going to affect consumers and manufacturers all over the European community, and therefore also international growers and commodity dealers.

In order to obtain traditional herbal registration, the herbal medicine must meet the safety and quality standards required for all fully licensed medicines, including good manufacturing practices and adverse event reporting. Instead of providing evidence of efficacy, manufacturers of these products must provide evidence of a minimum of 30 years of traditional use, with at least 15 of these years having taken place within the European Union.

Registered traditional herbal medicines must feature statements on their labels and in advertisements noting that any health claims are based on traditional usage. Herbal medicines supported by strong scientific evidence that wish to make strong claims, on the other hand, may do so by obtaining full marketing authorisation after meeting the requirements outlined in EU Directive 2001/83/EC. Herbal products not classified as medicines can be marketed as foods, food supplements, or ingredients of functional foods or cosmetics; such products may not make any medicinal claims.

From the moment the THMPD was introduced, numerous groups began voicing their disapproval of the regulations and calling for action to prevent it from being fully implemented. For instance, the Alliance for Natural Health International and the European Benefyt Foundation are lobbying to prevent interruption of the availability of herbal products already in the market. In a position paper, these organisations state that “full implementation of the Traditional Herbal Medicinal Products Directive […] as of 1st May 2011 is likely to force from the European market thousands of products associated with traditional systems of medicine that have up until now been sold mainly as food supplements.” It is unfortunate, however, that this lobbying substantially confuses the restrictions and legal foundations of two entirely different classifications, namely medicines and supplements, resulting in fear-mongering and confusion.

On the one hand, Directive 2002/46/EC relates to food supplements and Regulation 1924/2006/EC to nutrition and health claims made on foods. The latter involves the European Food Safety Authority (EFSA) assessing and approving health claims associated with food and food supplements, including herbal products that are not otherwise registered as medicines. As of April of 2011, food products with health claims require EFSA approval. On the other hand, there is Directive 2001/83/EC, as amended by Directive 2004/24/EC, stating that no medicinal product may be placed on the market of a EU member state unless a marketing authorisation has been issued by the competent authorities. This directive provides for a simplified registration procedure introduced to facilitate the market placement of traditional herbal medicinal products (THMPs) without adequate clinical proof of efficacy. THMPs have to be registered with competent national authorities by April 2011; after that date,
unregistered products can no longer be associated with medicinal claims, unless these are approved under Regulation 1924/2006/EC, as discussed above. While THMPD is an EU directive, it has not yet been transferred into national law by all EU member states, and it remains unclear how member states will enforce it after April of 2011, which marks the end of the transitional period.

The purpose of these directives is to create consumer safety and assurance and to weed out products of questionable quality and/or with dubious or unfounded health claims. This is of particular importance in view of an increasing number of products being marketed and traded via the Internet and the repeated discovery of fraudulent and adulterated products. The new legislation thus simply asks everybody to follow the same rules applied to all EU pharmaceutical manufacturers, regardless of size and market “influence”. As a matter of fact, manufacturers of products with a high quality and safety profile will benefit from a simplified and harmonised regulatory environment, as these will easily meet the required standards.

The interpretation that the marketing of herbal, ayurvedic or other natural medicines will no longer be permitted as of May 2011 is incorrect. The market remains open, except for products with unapproved claims. Every manufacturer can carry on selling their herbal tea, traditional Chinese Medicine or ayurvedic product without THMP registration or EFSA approval, as long as these products are recognised foods and do not make health claims. This seems logical, as it would otherwise amount to marketing an unapproved drug, which is and always has been illegal, not to mention downright irresponsible and dangerous.

The THMPD, introduced in 2004, has given manufacturers six years to develop the required documentation and submit applications. While requiring investment, the procedure’s feasibility – even for smaller manufacturers without substantial resources – is shown in the increasing number of successful THMP registrations. It is true that this procedure may not be possible for hundreds of products from a single portfolio, and that this will cause a market adjustment, but this may very well have been the intention of the lawmakers.

Furthermore, as a result of the increasing complexity and volume of applications, EFSA has postponed ongoing assessment of health claims for herbal products and raw materials classified as foods. In practice, this means that in the absence of a negative EFSA assessment, legislators will for the time being tolerate manufacturers’ continuing to market food supplements with health claims.

To summarise, quality herbal products, no matter which regulatory paradigm they fall into, are not under threat. They will continue to be available to the general public as herbal drugs, traditional herbal medicines, foods, and food supplements, with and without health claims. A harmonised regulatory environment will create a marketplace in which, in the interests of consumers, assurance of product quality, efficacy and safety are the primary concerns.

With regard to herbal (medicinal) products with devil’s claw (Harpagophytum spp.) as an active ingredient, the new regulations will have negligible negative impact on market size and raw material trade. On the contrary, major established markets will remain largely unaffected (e.g. Germany, where herbal medicinal products are now, and always have been, fully licensed), while new, formerly unregulated markets (e.g. the UK) may actually grow. Exemplary figures as of April 2011 for some key
European markets (figures for all member states are not available) are summarised below:

<table>
<thead>
<tr>
<th>Registered product</th>
<th>Austria</th>
<th>Germany</th>
<th>Holland</th>
<th>Spain</th>
<th>Denmark, Sweden and Hungary</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>100</td>
<td>6</td>
<td>10</td>
<td>1 each</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>(including homoeopathic)</td>
<td>(including homoeopathic)</td>
<td>(including homoeopathic)</td>
<td></td>
<td></td>
<td>(several more being assessed)</td>
</tr>
</tbody>
</table>

Three factors are likely to stabilise demand: firstly, the majority of manufacturers source from the same raw material and extract suppliers; secondly, triggered by the new legislation, major EU manufacturers of devil's claw products now hold licenses for their products in several EU member states; and thirdly, unlicensed devil’s claw products will, at least for the time being, remain in the market as supplements. It is therefore reasonable to assume that the demand for raw devil’s claw material will at least remain stable.

**PRODUCTS CONTAINING INDIGENOUS NAMIBIAN PLANT INGREDIENTS**

Indigenous Namibian plant ingredients derived from species such as hoodia, devil’s claw, marula and ximenia are used in the pharmaceutical, cosmetics and skin care industries; commiphora, on the other hand, is used as a perfume ingredient. Although many of Namibia’s oils are increasingly being used in cosmetic products, by 2008, these products were not listed in the 2008 International Cosmetics Dictionary and Handbook Directory, which provides the most comprehensive listing of ingredients used in cosmetics and personal care products. Table 4 below gives an illustration of known market uses.

**Known market uses for Namibia’s Indigenous Plant Products**

<table>
<thead>
<tr>
<th>Plant</th>
<th>Export commodity</th>
<th>Ingredients / marketable properties</th>
<th>Final products on international markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marula</td>
<td>Cold pressed marula oil</td>
<td>Exotic oil, carbon number of 17.6 and 18.0 (anti-oxidant oxidative stability)</td>
<td>Shower cream, moisturising lip gloss, eye liners, facial powder; marula food oil</td>
</tr>
<tr>
<td>KMS</td>
<td>Cold-pressed KMS oil</td>
<td>Exotic oil</td>
<td></td>
</tr>
<tr>
<td>Ximenia</td>
<td>Unrefined ximenia oil</td>
<td>Exotic oil</td>
<td>Shower cream</td>
</tr>
<tr>
<td>Commiphora</td>
<td>Resin</td>
<td>Perfume and fragrance</td>
<td>None as yet</td>
</tr>
<tr>
<td>Devil’s claw</td>
<td>Dry tuber chips</td>
<td>Plant extract with anti-inflammatory and pharmaceutical properties</td>
<td>Herbal medicine, food products, herbal tea, veterinary herbal remedies, animal food supplement</td>
</tr>
<tr>
<td>Manketti</td>
<td>Cold pressed oil</td>
<td>Carbon number of 17.6 and 18.0 (oxidative stability)</td>
<td></td>
</tr>
<tr>
<td>Hoodia</td>
<td>Hoodia extracts in capsules, powder, and chips</td>
<td>Hoodia powder (herbal), hoodia extract for dietary extract P57 (based on traditional knowledge)</td>
<td>Hoodia drops, capsules and gel</td>
</tr>
</tbody>
</table>

Value-added indigenous natural products
The main INP commodities exported to international markets are pharmaceutical ingredients and unrefined cosmetic oils. Oil products are marketed on the basis of their characteristics, including anti-oxidant and anti-inflammatory properties, and of their exotic appeal. Pharmaceutical ingredients such as devil’s claw and hoodia are marketed on the basis of their identified active ingredients, for which clinical testing that confirms their safety and efficacy is vital.

This article presents an overview of trends in the international markets to which Namibia’s INP commodities are exported.

Trends in the market for natural ingredients

Natural oils from southern Africa are niche products for small markets; they include raw materials that are used for further processing into finished products. Because international market briefs provide market intelligence news mainly for end-user products, there is a general lack of information regarding market demand and prices paid for Namibia’s oils in the international market. Namibian oils are mainly exported to the European market, specifically the processing industry, which comprises oil distillers, herbal extraction houses, milling operations and wholesale distributors with value-adding capabilities.

According to a report by the Centre for Promotion of Imports from Developing Countries (CBI) (2009), the natural cosmetics ingredients market in Europe is the biggest such market in the world. In 2008, the overall market for cosmetics amounted to €67 billion, with the most important national markets being those of Germany, France and the UK. There is also growing demand for natural ingredients in both the EU and USA markets. Natural cosmetics continued to benefit from growing health concerns, demand for environmentally and socially accountable production chains, and the value consumers attach to a sense of well-being and a healthy appearance (CBI, 2009). Organic and fair trade certification and proof of sustainable wild harvesting practices are all important factors affecting pricing in the market.

In the international cosmetics oils trade, Namibian oils compete in the markets for natural and exotic ingredients. Other products in the same market segment include shea butter, apricot kernel oil, cupuacu butter, argan oil, babassu oil, baobab oil, moringa oil and papaya seed oil. There is growing demand in the market for exotic oils; demand is enhanced if the oil in question has an interesting history of use in its country of origin.

In general, exotic oils do not have universally accepted prices, as evidenced by the variability of market prices for Namibian oils. The CBI (2009) report indicated prices for these products ranging from £2 – £15/kg. Depending on the raw material, the price for oils in the international market can vary widely. Factors affecting price negotiations with international buyers mainly relate to quality, the extraction methods used, the uniqueness of the product and the sustainability of supply. It would appear that there is no one source that reports on prices for all exotic oils. Price structures may therefore need to be compared with those of substitute products with similar functionality and arrays of applications.

It appears that potential growth in demand for natural cosmetic and personal care products in the coming years is to be found in sectors such as skin care and baby care, where high prices are less of a constraint and natural ingredients can be incorporated in relatively high proportions in formulations. Namibian marula food oil producers might want to focus on the international market for food oils in the future. Marula food oil may be positioned in the same market segment as groundnut, olive and palm oils, focusing on the niche market for salad, food dressing and cooking oils.

On the other hand, pharmaceutical products such as devil’s claw are increasingly in demand in the international market as natural alternatives to pharmaceutical drugs. As highlighted by PhytoTrade Africa (2010), devil’s claw contains identified active ingredients including iridoid glycosides such as harpagoside, harpagide and procumbide, on which research is being carried out to establish their efficacy in protecting joint cartilage in both humans and animals.

There is demand for devil’s claw in the international market segments for traditional herbal medicines, food products and herbal teas with therapeutic properties, and veterinary herbal remedies and animal food supplements. Within these market segments, traditional herbal medicines are claimed to have the highest market share (92%) followed by veterinary medicines (5%) and herbal teas (3%). Namibian devil’s claw is mainly exported to the EU market, with Germany being the most important importer. France, Italy and the UK are also important markets in Europe for traditional herbal medicines.

The new regulations introduced in 2004 (the EU Directive on Traditional Herbal Medicinal products 2004 /24/EC) require that products to be traded as traditional herbal medicines in the EU market must now be licensed or prescribed by a registered herbal
practitioner. However, this is unlikely to seriously affect devil’s claw exports to the EU market (see article on p.6 above).

Producers proposing to enter the international market must ensure the safety, quality and traceability of their products. These conditions are usually guaranteed to have been met when a product complies with standards such as those established by certification schemes. The CBI (2009) report stressed that producers from developing countries must compete on quality, price and reliability with established ingredients, and that when sourcing ingredients, EU companies will require technical data on safety, functionality and use, as well as on traceability and the (sustainable) supply chain.

A list of useful resources is included on p. 15 of this INP Market Bulletin for producers and traders looking for new markets for their products.

NAMIBIA’S REVISED NATIONAL POLICY ON THE UTILISATION OF DEVIL’S CLAW (HARPAGOPHYTUM) PRODUCTS

Devil’s claw is an important commercialised indigenous plant in Namibia, and has been harvested and exported for the past 50 years. Namibia is the largest supplier of devil’s claw in the world, accounting for close to 95% of the world trade. Devil’s claw therefore makes a small but significant contribution to Namibia’s foreign currency earnings.

The revised policy on devil’s claw – the National Policy on the Utilisation of Devil’s Claw (Harpagophytum) Products, was approved by the Namibian Cabinet in July 2010 and came into force at the beginning of 2011. This policy has a number of implications for the manner in which devil’s claw can now be traded and exported. The main changes are:

- The species *Harpagophytum zeyheri* has now been included and is covered by the new policy. Previously only *H. procumbens* was covered by the policy.
- All traders and exporters will now be required to write a “registration test”. These tests can be written at any of the Ministry of Environment and Tourism (MET) regional offices. Upon passing this test, traders and exporters will be issued with a “registration certificate” that will be valid for a period of three (3) years. No “buy & sell” or “export” permits can be issued without a valid registration certificate. A database of the registered traders and exporters is being maintained by the MET.
• Previously, traders could use their permits to purchase devil’s claw anywhere in Namibia. Now, however, traders who operate using a “buy & sell” permit will have to state in their permit application where they intend to purchase devil’s claw.

• Traders and exporters will now also be required to report back on the details of their purchases and sales within a period of one month from the expiry of the applicable permit. Failure to report back in a timely manner may result in future applications for permits not being approved.

For harvesters, there has been no change in the permit application process: the permission of the land owner and/or conservancy must be obtained; a group (as opposed to an individual) can also apply; and the permit is valid for the harvesting season (1st March – 31st October). Harvesters are also required to report back to the MET on the amount that they sold during the season.

CERTIFICATION AND ECO-LABELING IN NAMIBIA’S INDIGENOUS NATURAL PRODUCTS SECTOR

A frequently asked question is whether or not certification improves market access and value for local products. This article presents an overview of the opportunities and challenges associated with certification and identifies a certification scheme that may be appropriate for Namibia’s indigenous plant products.

The IPP sector in Namibia is an export-oriented industry, with the total value of exports of devil’s claw, ximenia oil, marula oil and commiphora resin for 2010 amounting to N$12 million. The lack of market access and poor or sporadic exports for some of these products pose significant threats to this trade, and to the livelihoods it sustains. A number of initiatives have been taken, including certifying products in order to increase exports to international markets and subsequent income for producers.

The past two decades has seen a growing demand from consumers for quality products that are guaranteed to be safe and less harmful to the environment. This is reflected in the emergence of certification standards relating to quality, environmental sustainability and fair trading.

Certification is used to demonstrate that a product has been produced in a certain way or has certain characteristics that comply with clearly defined standards. It is typically used where the producer and the consumer are not in direct contact, for instance in international markets where consumers cannot simply take the word of a supplier regarding the quality of a product or its production process, because they never see how or where the products are prepared. Certification requires an internationally accredited certification agency to provide guarantees to consumers that the product has met the required criteria. It is becoming an important mechanism for retailers to distinguish their products from more run-of-the-mill offerings.

• Certification is well acknowledged for the opportunities it offers in terms of access to niche markets and premium pricing, high standards of production, more balanced benefit structures and sustainable harvesting practices. Certified products can therefore increase the income of producers, thereby contributing to improved quality of life.

• Certification presents an opportunity to add value to existing products, expand reach in existing markets, or maintain market share in a competitive environment. Product differentiation could be a way for some exporters to enhance their export earnings, and certification could be one source of such differentiation.

• Certification and eco-labelling schemes can provide countries with a tool to help them fulfil commitments made under international agreements on important environmental imperatives such the conservation and sustainable use of biological diversity.

Pressing marula kernels
On the other hand, however, a number of factors have cut into the benefits to small-scale producers provided by certification. While many industry groups, civil society organisations and governments acknowledge the economic and ecological opportunities that certification and eco-labelling could offer, several challenges can also be noted:

- The most obvious downside of certification is its high associated costs, which are often beyond the reach of most small companies and producers.
- Certification often requires training and burdensome administrative procedures that must be maintained, and yet there are no guarantees of institutional support, technical assistance or economic benefit.
- The markets for certified product are usually niche markets and the demand for certified products is fluctuating, which further curtails benefits and financial sustainability.
- Certification tends to benefit those producers who are better educated and organised, or who have received more funding and support; without donor support, it is practically unattainable for poorer, smaller and less organised producer groups.
- Different types of certification are expected from different market segments at different stages, and it is virtually impossible for producer organisations to carry the costs associated with obtaining multiple labels.

**Relevant certification schemes for indigenous plant products**

The current certification schemes highlighted below have been assessed for their appropriateness to the indigenous plant products sector in Namibia.

**Organic certification:** This signifies that the product has been harvested or produced without the use of hazardous chemical and artificial inputs. As PhytoTrade Africa pointed out, the only standard of any immediate applicability to the indigenous natural products sector is organic certification, notwithstanding the high costs and logistical challenges associated with it. Particular indigenous natural plant products that may benefit from organic certification are marula, ximenia and KMS oils.

**Fair Trade certification:** Launched in 1994, the Fair Trade labelling programme is a voluntary scheme of certification based upon the “Fair Trade Standards for Products”, as defined by the Fairtrade Labelling Organisations International. Although there are no records of Fair Trade indigenous natural products from southern Africa, Fair Trade standards now cover 20 product groups.

**The Union for Ethical BioTrade (UEBT):** This is a non-profit association that promotes “Sourcing with Respect” of ingredients that come from native biodiversity. UEBT’s standards apply to native natural ingredients, either collected from the wild or cultivated for harvesting. The standards may be applied to all stages in the supply chain, combining “organic” and “fair trade” aspects of current standards in that they cover sustainability and traceability of the resources, as well as elements of social responsibility. The key innovation is a set of principles derived from the Convention on Biological Diversity as the yardstick against which the UEBT standards are assessed. Particular indigenous natural products that may fit the requirements for UEBT certification are marula, ximenia and KMS oils, devil’s claw, commiphora and hoodia.

The certification of particular interest to devil’s claw harvesters is the Good Agricultural and Collection Practices (GACP) for Medicinal Plants. The guidelines for GACP include quality and control measures, as well as strategies for the collection of fresh materials to ensure the long-term survival of wild populations and habitats (PhytoTrade 2010).

**Namibian experience with certification of indigenous plant products**

The marketing opportunities offered through certification have to a large extent not yet been realised in the Namibian indigenous plant products industry. While there is a pressing need for market access, the process of obtaining certification has proved to be unrewarding, as the requirements for sophisticated internal control management systems, coupled with the high cost of external inspection and certification, present challenges for producers along the supply chain. Marula oil and devil’s claw are the only indigenous natural products that have thus far attained internationally accredited certification.

Marula oil and KMS oil produced by Eudafano Woman Cooperative (EWC) in north-central Namibia have been accorded community trade certification by Body Shop International since 1999. EWC was awarded community trade status because of their democratic approach and the fact that the cooperative is 100% owned by women. One of the advantages of the community trade certification is that it entails fair trade practices.
**National certification scheme and eco-labels**

The opportunities presented by certification and eco-labelling have not gone unnoticed by Namibian producers, who have responded by developing a number of local certifying agencies and national labels. Local certification relevant to natural products includes:

**Organic certification**: The Namibian Organic Association (NOA) is a local certifying body for organically produced products. NOA launched its standards and certification system in 2010.

**Naturally Namibian**: This label was initiated by the Ministry of Trade and Industry and is now administered by Team Namibia. It certifies both Namibian origin and the natural quality of products.

**Community Conservation Namibia**: This is a co-brand owned by the Namibian Association of CBNRM Services Organisations. It can be used to certify that a product is linked to the community-based natural resource management (CBNRM) movement.

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Organic certification of wild-harvested devil’s claw has been attained by several producer groups and organisations in different areas of the country since 1999. Inspection and certification is conducted by a South Africa-based agency, ECOCERT, because of their being recognised in Germany, the main market for Namibian devil’s claw. To date, only one company in Namibia exports organically certified devil’s claw to the international market.

In some respects, organic certification has been successful. In 2009, the average price paid for organically certified devil’s claw was approximately 50% higher than the prices paid for conventional products. However, organic certification has not attracted new marketing potential, and the cost of certification has eaten into the premium prices obtained by the producers. Nevertheless, the benefits associated with sustainable harvesting and quality assurance are significant, and initiatives aimed at obtaining organic certification are thus commendable.

Namibia’s business sector has in recent years introduced national certification programmes and eco-labels. The main problem with national certification standards are that they are not affiliated to internationally accredited bodies and are unknown in the international markets where most indigenous plant products are exported. Nevertheless, even though national certification may not offer international marketing potential, it is successful in ensuring environmentally sound management, sustainable harvesting practices, traceability and quality assurance.

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Marula fruit

Processing marula kernels

**Market research and certification**

In today’s volatile market, it is imperative that a market assessment be undertaken before considering whether or not to certify a product. With an understanding of trends and anticipation of future growth in the existing market, certification can be used for product diversification to target niche
markets, while conventional products are maintained to avoid having all one’s eggs in one basket. It is also important to establish whether your customers are demanding certified products and are prepared to pay the extra (premium) price, or if there is any possibility of this happening in the future. Recent market inquires from potential international buyers regarding Namibia’s indigenous plant products indicate a strong interest for certified products, and it is therefore worthwhile to explore the opportunities to certify natural products if cost-effectiveness can be ensured.

UPDATE ON THE IMPLEMENTATION OF THE MCA-N INP ACTIVITY

The MCA-N Indigenous Natural Products Activity is now well underway with the implementation of its three sub-activities:

• **Support to Producer and Processor Organisations**
  The Natural Resources Institute has teamed up with three Namibian organisations (Integrated Rural Development and Nature Conservation (IRDNC); the Centre for Research Information Action in Africa – Southern Africa Development and Consulting (CRIAA SA-DC); and the Namibia Nature Foundation) to implement this sub-activity. The contract will remain in force until September 2014.

  Thus far, a total of 63 Producer and Processor Organisations (PPOs) have been identified to receive support during the first year of implementation. These PPOs are involved with the key target species of the MCA-N Activity, namely devil’s claw, marula, ximenia, commiphora and mopane; other species may be added depending on availability and marketability.

• **Indigenous Natural Products Innovation Fund**
  The Indigenous Natural Products Innovation Fund (INP IF) is designed to provide Grants to organisations to address aspects that will contribute to the growth of the sector. It is anticipated that Grants will be awarded to three organisations. A further call for Concept Papers was announced in May 2011. Depending on the availability of funds, a third round may be initiated in 2012.

• **Market Information Delivery**
  The Market Information Delivery sub-activity is directed at disseminating useful information to the INP sector in Namibia and is implemented through the National Botanical Research Institute in the Ministry of Agriculture Water and Forestry. This is the second Market Bulletin; the exact method of delivery for market information has not been finalised, and may be adapted as information relating to needs and the desired format of market information becomes available.

Further information on the INP Activity is available on the MCA-N website:

http://www.mcanamibia.org
(see under Agriculture/Indigenous Natural Products)
USEFUL RESOURCES FOR PROCESSORS AND EXPORTERS

This address list has been extracted from PhytoTrade Africa’s Market Review issue no. 10 (May 2010); it is intended for processors who want to develop new products and for exporters wishing to contact potential buyers and find new markets for their products.

Laboratory analysis
Mircochem – Specialised Lab Services provides a range of analyses for food-related industries; based in Cape Town, South Africa: http://www.microchem.co.za/

NIS Labs specialises in natural products research and provides a range of contract research laboratory services: http://www.nislabs.com/services.htm

Acorn Laboratories is an accredited testing laboratory providing analyses for several sectors, including cosmetic, and food and beverages; based in Johannesburg: http://www.acorngroup.co.za

Swift Micro Laboratories provides laboratory analysis for the food and cosmetic industries with a focus on food/product safety; based in South Africa: http://www.swift.co.za/

Hearshaw and Kinnes Analytical Laboratory provides a pesticide residue testing service and is SANAS certified; based in Cape Town, South Africa: www.hkal.co.za/

Contract Laboratory.com provides a worldwide directory of laboratories for a broad spectrum of laboratory testing and scientific research; contact details of the labs are provided along with the services they provide: http://www.contractlaboratory.com/

Natural formulators / cosmetic consultants
Trevor Steyn is a natural cosmetic formulation scientist and has worked extensively with PhytoTrade Africa; contact details are available from Dr. Lucy Welford (Phytotrade Africa, Marketing and Communications, Cape Town, South Africa).

Lindsay Grier is a natural product formulator who works with African Earth Tones; contact email address: ljgrier@telkomsa.net

Cosmetic Solutions (John Knowlton) offers a full formulation development service as well as a number of related services, such as quality control and regulatory assistance; contact email address: john@cosmeticsolutions.co.za

Contract manufacturers
Blue Sky Botanics is a commercial partner of PhytoTrade Africa based in the UK, manufacturing botanical extracts for the health & beauty, food and beverage, and herbal supplement industries: http://www.blueskybotanics.com/

Cosmetic Solutions provides private label skin care manufacturing, formulating and marketing services: http://www.naturalskincare.com/

CosQ Manufacturing c.c. is a contract manufacturer of cosmetics and toiletry formulations based in Cape Town, South Africa: http://www.cosq.co.za/

Cosmetech Laboratories, Inc., based in the US, provides services including evaluation of new raw materials to determine their performance and the development of personal care formulations to guide formulator and chemists interested in using the material; works in conjunction with Steinberg Associates: http://www.cosmetch.com/

Packaging
RAP Products specialises in packaging for cosmetics and body products, providing a variety of designs available in glass and plastic; based in Gauteng and Cape Town, South Africa: www.225crystalpack.co.za

Bowler Plastics (Pty) Ltd is a rigid plastic packaging manufacturer in South Africa specialising in producing customised packaging: www.bowler.co.za

Nampak manufactures a diverse range of packaging products using paper, plastic, metal and glass; it has operations in several member countries across southern Africa: www.nampak.com

Online marketplaces
One method for producers/suppliers to access customers is through online producer/buyer websites. These websites are abundant, but some are specifically designed for trade in vegetable oils and oilseeds. A small selection is listed below, with web links for further investigation.

Bulk Oil.com is “The world’s leading B2B trade portal for Vegetable Oils, Essential Oils, and Biodiesel”. It is designed to connect buyers and producers/sellers over the internet and since inception, claims to have expanded export
markets and help buyers locate producers. It boasts a wide-ranging oils catalogue which includes baobab oil: www.bulkoil.com

**Commodity Online Marketplace** is described as a B2B platform that helps users to buy and sell a variety of commodities, including oil and oilseeds: http://market.commodityonline.com/

**Green Trade.net** is “The marketplace reference for organic farming professionals” and works as an international exchange platform for organic producers, manufacturers and distribution networks; it claims to be the largest organic community on the internet: www.greentrade.net/

**Oliganic**: Although this website is positioned towards essential oils, it also deals almond oil, avocado oil and some other edible oils, and other oils that may also be relevant: www.oliganic.com

**Other sources of information**

- **Coschem** is the Society of Cosmetic Chemists South Africa; it is a professional society for scientists and individuals involved in the cosmetics sector: http://coschem.co.za/
- **Cosmetics Business** is the official website for Soap Perfumery & Cosmetics, and includes information on European cosmetic markets and cosmetics & toiletries manufacture worldwide: http://www.cosmeticsbusiness.com/
- **American Oil Chemists Society** (AOCS) is a global professional scientific society for all those with an interest in the fats and oils fields. It is a membership-based society, with members receiving a range of benefits including access to professional and technical information: http://www.aocs.org/
- **Cosmetic Design Europe**: http://www.cosmeticsdesign-europe.com/
- **European Cosmetics Association**: (COLIPA) http://www.colipa.eu/
- **Personal Care Products Council**: http://www.personalcarecouncil.org/
- **European Federation for Cosmetic Ingredients** (EFFCI): http://www.effci.org/
- **The Society of Cosmetic Scientists** (SCS): http://www.scs.org.uk/

For more information on this report or enquiries relating to indigenous natural products in Namibia, please contact:

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