

PHYTO TRADE NEWS UPDATE NUMBER 14

JULY 2005

A warm winter welcome to PhytoTrade newsletter! In the issue we welcome new members, report back on trade fairs, present the Botanicals and Lipids industry group reports, summarise our 2005 AGM, and look at business opportunities for the organic sector.

NEW MEMBERS

We would like to welcome to four new corporate and individual members of PhytoTrade Africa, approved at our Management Board Meeting in July 2005:

SNV Netherlands Development Organisation, Zambia.
Contact Mr Kim Shelsby Email address:
kimshelsby@snv.org.zm Tel: 260 1 255174

Lower Guruve Development Association, Zimbabwe.
Contact Mrs Sekai Janga Email address:-
sekaijanga@yahoo.com Tel: 263 058 2346

Mr Stephen Gudz, Mozambique. Email
stephen@teledata.mz Tel: 258 82 54 60140

Tjinyunyi Babili Trust (Zimbabwe) Contact Mr Mhlupheki
Dube Email: tjinyunyu@comone.co.zw or
skunkmd@yahoo.co.uk Tel: 263 019 2337

FAIR TRADE AND ORGANIC CERTIFICATION COURSE

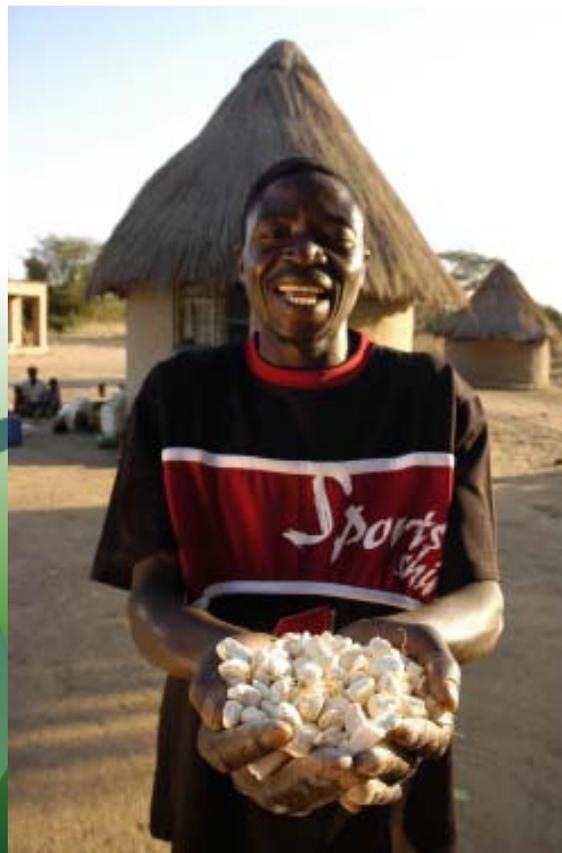
PhytoTrade Africa is holding a Fair Trade and Organic Certification training course on October 5th and 6th in Harare. Application forms will be available shortly.

FAIR TRADE ASSESSMENTS

Arthur Stevens, PhytoTrade's business services manager has started conducting fair trade assessments during his field visits to members. This is for a number of reasons. Firstly, there are new market opportunities that are emerging for fair trade certified natural products. Secondly, members will be able to see how their fair trade practices measure up to international certification standards. Lastly, it gives us at PhytoTrade an important understanding of members operations, and insights into how we can better support members to meet international fair trade standards.

NEW LOOK WEBSITE

PhytoTrade is proud to launch our new look website. We've aimed to make it clean, simple and professional looking in line with our updated corporate identity. We also have a new improved Members Only Website with more news, views and resources than before. We've still kept graphics to a minimum, and hope this will ensure that download times are as speedy as they have always been. For those members who have difficulty downloading PDFs, please do contact lucy@phytotradeafrica.com and we will be very happy to send you hard copies. Check it out on www.phytotradafrica.com.



THE SOUTHERN
AFRICAN NATURAL
PRODUCTS TRADE
ASSOCIATION

AGM REPORT BACK

After a very successful and productive AGM, Gus Le Breton our Chief Executive provides members who weren't present with some of the key conclusions from the meeting. Whilst this is aimed at members who were not present, we hope it will also serve as a useful reminder to those that were there. The minutes from the AGM will be available shortly, and we recommend that you refer to them for more information on the above.

System of Advisory Service Charges

The system of advisory service charges introduced at the last AGM was reviewed. It was agreed that members would no longer be charged for advisory services, and that all members would have equal entitlement to advice from PhytoTrade Africa at no cost. However, it was also agreed that members wishing to procure additional advisory services should be encouraged to develop separate, service-provision contracts with PhytoTrade Africa.

It was also reiterated that advisory services are only available to corporate members. If you are an individual member seeking access to advisory services, you will be asked to upgrade the status of your membership to corporate level.

Introduction of Pre-Qualified Supplier Certification

The proposal was approved to introduce a new system for linking members to buyers with whom PhytoTrade Africa has sales agreements. The primary objective is to eliminate the need for PhytoTrade to monitor members in the course of sales transactions. This will be achieved through the issue of Pre-Qualified Supplier certificates to members who have the capacity to supply high quality products, in a timely manner, when orders are placed.

This system is in the process of being launched, and we hope to have it fully operational by October 2005. In the meantime, we will continue with the previous system of referring orders from Aldivia to the Lipids Industry Group.

New Service-Delivery Models

The meeting approved proposals relating to new models for service-delivery to members. The first model relates to sales brokerage and facilitation. It was agreed that PhytoTrade Africa should offer its members the opportunity to enter into **Finders Agreements**, in which we sign an agreement with a member to identify market opportunities for a particular product or group of products.

A second model relates to **Sourcing Agreements**, under which PhytoTrade can assist particular buyers in identifying sources of a particular product from amongst the Association's membership.

Key in all of the above was the recognition that these models of service-delivery should complement the core activities of the Association.

Reconfiguration as a Section 21 Company

The meeting recommended that PhytoTrade should be established as a Section 21 Not-for-Profit Company, legally registered in South Africa. It was also agreed that the ExO will continue to be physically located in Harare, and will operate on paper as a branch of the South African Section 21 Company.

One impact of the establishment of a Section 21 Company will be that our literature, letterheads and corporate identity will all reflect the fact that we legally constituted in South Africa, and we hope that this will allay any fears within the market about our Zimbabwean connections.

Election of New Board

Several proposed revisions to the system of Management Board elections were discussed. Michel Mallet (CRIAA SA-DC, Namibia) and Tebogo Matlhare (Thusano Lefatsheng, Botswana) were elected to join the other four Board members. Our Management Board for 2005-6 will be as follows:

Carl Bruessow (MMCT Malawi)
 Caroline de Kock (SFA, Zimbabwe)
 Charles Chileya (FRMP, Zambia)
 Nazir Jussab (FDC, Malawi)
 Michel Mallet (CRIAA SA-DC Namibia)
 Tebogo Matlhare (Thusano Lefatsheng, Botswana)

The Board co-opted the following two additional members:

Pierre du Plessis (CRIAA SA-DC), Namibia
 Charles Wamulwange (Lusinde Investments), Zambia
 The Board elected the following office-bearers from amongst its membership:

Chairman	Carl Bruessow
Vice-Chairman	Charles Chileya
Treasurer	Caroline de Kock

Miscellaneous

There was discussion on the proposal to set up a the Southern African Natural Products Intellectual Property Trust, in which ownership of PhytoTrade Africa's intellectual property, and any patents would be vested.

The venue for next year's AGM was agreed as being South Africa.

Finally, it was the last meeting with Pierre du Plessis in the chair, a position he had held since PhytoTrade Africa's establishment in September 2001. Fortunately, his incomparable knowledge and experience was not completely lost, as he was subsequently co-opted back on to the Board.

BOTANICALS INDUSTRY GROUP

The PhytoTrade Botanicals Industry group met at the PhytoTrade AGM on 16th June 2005. The meeting was chaired by Lameck Chagonda.

The meeting discussed that a long list of possible botanicals covered by this group could include: Kigelia, Baobab, Devils Claw, herbal teas, kigelia, baobab, terminalia, medicinal plants and essential oils. Also discussed were moringa, jatropha and ziziphus, although these do not fit within PhytoTrade's mandate as they are exotic species.

Action points:

- ◆ The group should further examine the PhytoTrade Literature Lists
- ◆ Members should propose the next stage for R&D on Kigelia to PhytoTrade
- ◆ PhytoTrade will provide a list of companies working with Kigelia
- ◆ PhytoTrade will examine production levels of baobab pulp
- ◆ Study of verification of strychnine levels in Strychnos spp
- ◆ PhytoTrade will consider commissioning a screening of medicinal plants that fit PhytoTrade's mandate
- ◆ PhytoTrade will interact with the Association of African Medicinal Plants Standards based in Mauritius
- ◆ Herbal Sciences International will produce a document for

PhytoTrade to understand the raw material starting base

- ◆ PhytoTrade will compile a list of laboratories that could carry out tests

LIPIDS INDUSTRY GROUP

The PhytoTrade Lipids Industry group met at the PhytoTrade AGM on 16th June 2005. The meeting was chaired by Charles Wamulwange.

Action points:

- ◆ An oil processing guide will be added to the PhytoTrade Africa technical publication series
 - ◆ A document on costing and price setting will be prepared by Cyril Lombard at the PhytoTrade London office
 - ◆ It was agreed that members of the Lipids Industry group would communicate via articles in this news update and through the secretary, Nyarai Kurebgaseka, PhytoTrade Africa Technical Services Manager
 - ◆ Briefings will be provided on breakthroughs or anything strategically important for the group
 - ◆ The meeting identified a need for R&D on alternative filtration technology and nitrogen flushing
- Since the meeting the Executive Office has followed up on the cosmetic formulations designed by Prof Aubrey Parsons last year. These revised formulations have been uploaded to the members only website.

BUSINESS OPPORTUNITIES FOR THE ORGANIC SECTOR IN AFRICA AT THE ROYAL AGRICULTURAL SHOW, UK

by Rosie Abdy Collins

The day was packed with interesting presentations, each representing a different aspect of the organic supply chain. We barely had time to appreciate the delicious organic sandwiches, juices and strawberries that were laid on!

Peter Segger of Organic Farm Foods, the UK's largest pre-packer, importer and distributor of organic fresh fruit and vegetables. Peter discussed the organic market in Europe, and how organic consumers are becoming responsible citizens interested in specific issues of importance, whether that is health, authenticity, culture, global warming, or nature conservation. Whilst the organic market used to principally be about no synthetic chemicals and health it is now becoming much broader and there is more room for targeted marketing.

Roger Cozens, of Abacus Organic Consultants drew on his experience in Nepal where the sustainable livelihoods framework can improve producers access to markets and finance through strengthening capacity. He advised that training and quality control were essential.

Robert Duxbury, of the Soil Association discussed the problems for organic production in Africa. The high costs of production due to poor infrastructure, tariffs and expensive freight charges, and increasing levels of cross compliance. However, there are opportunities for Africa to tell a story with their organics, to add value and develop new products as long as quality standards are maintained.

Natalie Geen, of HDRA discussed the UK market for imported organic products. Growth in the UK organic retail sector was 30- 40% but is now 10% annually. There are opportunities for organics from Africa such as out of

season products, exotics/non-indigenous crops, dried products and snacks. However she also noted some constraints: quality and standards, UK preferences, price and competition, handling and infrastructure and no uniform EU market.

The Organic movement is very important for Africa in terms of soil conservation, biodiversity and food security. However there is a need for local certifiers (paid at local rates) in Africa, to enable organic production which is widely practiced in Africa, to get certification. Organic certification (along the western model) is often not appropriate for rural African farmers.

Mike Brook of Organic Partners said that high value products with small volumes are especially beneficial for export from Africa. If non-perishable, then producers are not dependent on air transport. Some of the barriers for organic production are record keeping, traceability, communication problems, and the costs of shipping. Mike warned about 'over-promising' anything and the negative effects this can have on trust within a supply chain. Mike also highlighted how important marketing and sales are in ensuring that products look good on the shelf, attendance at trade shows is essential.

To conclude, there is a promising market for certified organic goods in the UK. Whilst supermarkets are consolidating on the basis of quality, consumers are becoming more committed to ethical trading and organic production. Production of organics must however be based on market intelligence, both from a demand point of view but also in terms of positioning marketing strategies. Within Africa there is a clear need for locally appropriate certifiers. A large information gap in the level of awareness of exactly what organic means was highlighted, as well as the necessity for partnerships between Governments, private companies and NGOs.

TRADE FAIR NEWS**Personal Care Ingredients Europe, Paris, 12-14 April**

With 186 exhibitors and five simultaneous conferences, PCIE is Europe's leading trade show for applications-orientated science associated with formulating personal care products. Aldivia SA and PhytoTrade Africa jointly exhibited at PCIE and spoke together at the Natural Ingredients Conference. We presented our innovative partnership to the personal care industry, using the newly developed ingredient 'Maruline' as an example of our partnership in action. Aldivia and Phytotrade Africa were seen as innovators in presenting a multifaceted approach to "naturals", encompassing organic, fair trade and sustainability principles, in addition to addressing the standards already expected from industry, such as quality and reliability. The stand was constantly busy, and we were also pleased to host Anthea Stephens, the IUCN-SA representative. Of the contacts made 58% were from formulators/ contract manufacturers looking to use Maruline and other oils from Aldivia's new Ubuntu oil range to expand their lines to include African ingredients with fair trade principles. There was a great deal of interest from industry for PhytoTrade and Aldivia to formalise their approach to fair trade, organic and sustainability principles.

Vitafoods, Geneva, 10-12th May

The Vitafoods trade fair is the largest of its kind in Europe where over 300 leading international nutraceutical companies exhibit. Vitafoods is a serious, well attended trade show, frequented by all the major industry players. During the show, experts reviewed the latest scientific, regulatory and technical developments. Dr John Wilkinson, Consultant Phytochemist at Herbal Sciences International presented on behalf of PhytoTrade Africa on "Kigelia extracts for Cosmeceutical and Nutraceutical Applications". PhytoTrade was well-represented in publicity and media materials in the lead up to, and during, the show. We were

featured on page two of the Vitafoods guide, and Nutrafoods trade magazine said "PhytoTrade, an association representing seven different countries in Africa, is also guaranteed to add to the unique appeal of Vitafoods International 2005". Our press release on baobab fruit pulp was also featured on the Vitafoods website.

The focus of PhytoTrade's exhibit was on the nutraceutical opportunities presented by baobab fruit pulp. Delegates had the opportunity to sample baobab cereal bars and baobab flavoured chilli sauce, both of which were very popular. After Dr Joerg Gruenwald, natural products expert mentioned baobab fruit pulp in his talk on novel nutraceutical ingredients, the PhytoTrade stand was mobbed!

PhytoTrade's stand was small, but was perhaps one of the best attended at the show so we were indeed fortunate to have PhytoTrade member, Chris Dohse of Cheetah Malawi Ltd assist us as part of the PhytoTrade team. PhytoTrade also had the opportunity to make contact with existing partners including Biotrade and Aldivia and engage in further negotiations with existing market contacts. Vitafoods 2005 has been our busiest trade show to date and has generated many new trade opportunities which PhytoTrade is following up.

Beauty Africa, Johannesburg, 16-18th July

Arthur Stevens and Lucy Welford attended the Beauty Africa trade show in Johannesburg. Whilst the show was more geared towards finished cosmetic, personal care and hair products, it provided a useful insight into the South African market for these products. It was also interesting to meet with Duelle ethnic hair care, based in Sandton who were exhibiting. They are producing a new range of ethnic hair care products using all of the PhytoTrade Africa oils, sourced through Aldivia's South African distributor, Cosmetichem. PhytoTrade receives a noticeable mention in Duelle's promotional literature.

COURSE INFORMATION ON MEMBERS ONLY WEBSITE

Want to find teaching handouts from past PhytoTrade courses? You'll find it all on the Members Only Website. These teaching resources include background papers, course curricula and trainer's handouts that we are sure will prove useful.

SWAZI SECRETS LAUNCH

PhytoTrade Africa member, Swazi Indigenous Products launched Swazi Secrets - their new range of marula oil personal care products in July. The launch was attended by over one thousand people at the Job Creation Summit dinner hosted by Swaziland's King and Queen Mother. Project Coordinator, John Pearce said he was delighted that sales topped R10,000 in the first two days.

And finally...

Life is not all natural products. In PhytoTrade's Business Services Manager, Arthur Stevens' other life, he writes articles for, amongst other things, Airways Magazine. Most recently in the August 2005 issue, Arthur has written an article entitled "Air Corridor: Mozambique's Channel to Competition. Arthur says "Something unusual is happening in air transport in the southern African country of Mozambique. Air fares have fallen, domestic frequencies on most routes have trebled, and passenger numbers have increased dramatically... The principal cause for this competitive arena is privately-held start-up Air Corridor"... To read more see www.airwaysmag.com.

PhytoTrade Africa:

PO Box BE 385, Belvedere, Harare, Zimbabwe

Tel:790364; 708882; 704178; 790381 Fax: (263) 4 723037

Email: info@phytotradeafrica.com

www.phytotradafrica.com