

Move over Goji, here comes Baobab!

Welcome to this month's bumper issue! Where we get an update on PhytoTrade attendance at trade fairs, hear about the AGM, get the latest on regulatory issues and get an update on R&D, Devils Claw, the Japanese market and much more!

New members

We are very pleased to announce that our Board member, Anthea Stephens of SANBI has been accepted as an individual member. Anthea has been well acquainted with PhytoTrade's work since her time at IUCN-SA when she developed and managed the Natural Futures programme.

Trade Fair News...

In this first half of 2008 PhytoTrade Africa has been exhibiting at the following trade shows:

Food Ingredients Africa. We attended this trade show in Cape Town in January for ingredient manufacturers and food producers. It was very similar to Food Ingredients Europe and it'll be unlikely that we'll consider exhibiting there in the future. There was an interesting side conference where our partner, Afriplex, made a presentation on African Food ingredients.

Biofach, Nuremberg, Germany, February. PhytoTrade Africa exhibited at Biofach, the World Organic Trade Fair, alongside our French partner, Aldivia. Biofach, Nuremberg is the world's largest annual gathering of Organic professionals. PhytoTrade has attended for the past four years and this year was represented by three staff members, as well as PhytoTrade member Tree Crops Malawi and Aldivia. The companies at Biofach represent a very diverse range of products from fresh fruit, wine and cheese to cosmetics, footballs and machinery. The cosmetics are housed in the Vivanness section of the show and this year spilled over into a second hall. Competitors and collaborators get the chance to catch up on each others activities over the last year. In the Vivanness area this interaction is definitely creating a race to the top in terms of sustainability, with plenty of discussion about Organic AND Fair Trade certification. Cosmetic Fair Trade standards have now been finalized and industry is poised for them to be published: there will be a guaranteed rush for Certified Fair Trade cosmetic ingredients once the standards are out.

This year Biofach hosted a number of lectures around the African theme and there was a lively

African pavilion housing producers from across the region. The Aldivia stand was busy with the sales team promoting Ubuntu oils to key customers and winning many important new clients. The presence of Tree Crops Malawi facilitated very useful discussions with Aldivia about issues of Baobab competition in Africa, and with Blue Sky Botanics about development of a Kigelia extract.

Natural Products Expo West, California, USA, March. This was the first trade show that PhytoTrade has exhibited at on American soil and there were many lessons to be learnt. The show is focused on natural, organic and health products and has exhibitors from the food, beverage, cosmetic & toiletry, and ingredient sectors. This year it attracted about 52,000 retailers, manufacturers, functional ingredient suppliers and industry professionals. Whilst the floor area was huge and number of stands was over 5000, the quality was circumspect.



The American market is a totally different kettle of fish than the European market. In Europe they have tight Fair Trade rules, organic sector growth, are interested in Africa and have a growing demand for novel natural ingredients. In America if you have 0.1% of a fair trade ingredient you can state that your product is fair trade. As the US market has been swamped with Latin American ingredients, awareness of Africa is low, and they are very wary of launching an ethically traded novel range of cosmetics based on African ingredients. In Europe the PhytoTrade story is very valuable, in America benefits and cost are the main concern.

In-Cosmetics, Amsterdam, April. In-Cosmetics is the leading international exhibition for personal care ingredients. The show was the biggest to date with 467 exhibitors from 40 countries and 8,400 square metres, a 6% increase on in-cosmetics 2007 in Paris. There was a total attendance of 9,743 people over the three days. PhytoTrade representatives attended In Cosmetics accompanied by Judith Silveston (PhytoTrade's patent attorney) and Nazir Jussab of African Oils Ltd.

Aldivia exhibited and PhytoTrade assisted on the stand. The Cosmetic Science Conference hosted two sessions: one on Naturals and the other on Skin Ageing. The Marketing Trends Presentations sessions were on 'the greening of personal care', 'global market for natural and organic cosmetics', 'what is natural today', 'sustainable packaging', 'jojoba- 35 years of Organic growth', 'Eating Beauty', 'Nutri-cosmetics - decoding the convergence of beauty and healthcare', '40-55 year old women and anti-ageing', 'environ-mentality'.

Vitafoods International 2008, Geneva, Switzerland, May. Vitafoods is the leading event in the nutraceuticals, cosmeceuticals, functional foods and functional drinks industry. It has grown year-on-year and having just successfully held its 11th trade show this one proved no different. This years event was the largest so far with the number of stands having increased by 25% since 2007, and Finished Products Expo running alongside with over 100 companies exhibiting.

The Supplier Seminar Theatre, sponsored by Naturex, was extremely popular and informative with the programme focusing on new products, developments and discoveries. Presentations on a wide range of subjects, including "Maca super food and super nutraceutical" presented by Chris Kilham, were on offer and provided insights into the developing sector. Significant attention was given to "superfoods" and their properties, demonstrating their increasing abundance in the market and their potential as important ingredients. The New Products Zone enabled those attending to be among the first

to see the latest products and innovations in the nutraceutical industry and the Vitafoods Conference focused on key issues currently in the industry headlines, such as 'gut health', 'mental health and development', 'heart health', 'weight management and satiety', and 'bone health'.

The **Convention on Biodiversity (COP9)** 19-30th May in Bonn, Germany. Here PhytoTrade will be showcased along with commercial partner, Aldivia in the Union for Ethical BioTrade exhibit.

We might not meet Bono, but at least we'll meet business

Following a productive meeting with JETRO there is a new agreement on their support to PhytoTrade and the products produced by its members and commercial partners. It had previously been planned for members and commercial partners to exhibit at the African Fair in Japan in May this year. However this has been cancelled since the African Fair is a side event to the Fourth Tokyo International Conference on African Development, and there is not enough publicity and involvement of the private sector in Japan to believe that there will be no more than conference delegates and the public that will come to the exhibition. Celebrities such as Bono are expected to attend, but the highlights stop there.

JETRO has therefore reserved a stand at the combined Fair of Natural Products Expo Japan and Biofach Japan that will be held on 24th – 26th September this year. The event last year had 92% private sector attendance and only 8% public. This event will be much more useful for linking up Japanese business with members and there will also be targeted side events where identified businesses will be invited.

JETRO have also started the analysis of the customs procedures for each product (members and commercial partners) and will advise on the way forward to clear all regulations and customs formalities. As part of this analysis, it is already known that all food and beverage products must have an agrichemicals test performed on the ingredients and final product. JETRO will confirm with the relevant ministry whether Marula Fruit, Devil's Claw and Baobab Fruit has to be tested and at what stage, and is also asking for finished products such as Elephant Pepper Baobab Gold Sauce.

JETRO will develop a brochure in Japanese that describes the work of PhytoTrade Africa, and will produce a Product Catalogue in a clip file format where each product will have a one page overview. Amendments can easily be added by changing the page in the file.

Several members have already sent samples

of their products to Japan where an industry meeting reviewed the products and provided advice and their level of interest. The intention was that members that were interested in marketing their products in Japan following this feedback would have the assistance of a Japanese expert to prepare their products for the African Fair. This has now changed and JETRO is interested in all members products being represented in the Natural Products Expo Japan in September. Following the trade fair there are two scenarios on how member's products might gain entry into the Japanese market:

- ◆ A Japanese Company is interested in trading the finished products as they currently are with minor amendments to suit the Japanese market. JETRO will send an expert to help the member company to improve their products – formulation, manufacture, packaging and labelling. For these services the member will have to show a commitment from a Japanese Company that they will buy and import their product into Japan.
- ◆ A Japanese Company might wish to develop a new product based on the member's product. Here an agreement to work together to develop a new product and benefit jointly from its sale will enable JETRO to fund the activities of the Japanese Company and the member. An example of this is the collaboration between a Mauritian Fair Trade producer of cotton, and a Japanese Company that provides designs and has clothes manufactured in Mauritius for export to Japan.

This change of plan and subsequent delay to exhibiting in Japan is very positive. It allows members to get their finished products better prepared for the event, and there should be a much higher representation of Japanese industry. You might not get your photo next to Bono, but at least you might sell some products!!

Fair Trade not fair?

There was a fire storm in the Fair Trade world in the week preceding Fairtrade fortnight, as a UK-based policy institute this week slammed Fair Trade, saying that the practice distorts the market and traps some of the world's poorest farmers in a cycle of poverty. The report 'Unfair Trade' issued by the Adam Smith Institute, says that the fair trade movement does little to drive the momentum of the global food chain.

The report's author Marc Sidwell claims that consumers who buy Fair Trade products end up spending more money on poorer quality goods, due to the fact that the Fair Trade system pays farmers a fixed price. This leads to farmers not being pushed financially

to improve the quality of their products, and they may even hold the best of the crop back to sell on the open market Sidwell said. The only solution to market distortion is therefore global trade, he added, and countries in Africa should instead remove the restrictive trade barriers currently keeping their economies in chains.

The author even goes so far to accuse Fair Trade organisers of manipulating consumer judgement. *"Even assuming Fairtrade goods are all they claim to be, their merit would still deserve to be weighed against the rival schemes or against the possibility that the money might be better spent in other ways,"* Sidwell said. He goes on to say that by sustaining uncompetitive farmers, Fairtrade holds them back from the processes of diversification and mechanization, depriving them the chance of improving their professional life.

Several Fair Trade organisations were quick to respond to the Adam Smith report, citing a number of inaccuracies. In a statement on its website, the UK Fairtrade organisation denied ignoring the poorest countries in the world. *"Few people can doubt that the present outcome of world trade is unfair. Two billion people work extremely hard to earn a living but still earn less than \$2 per day and the FAIRTRADE Mark enables British consumers to choose products that help address this injustice. As no-one is forced to join a fair trade producer organisation, or to buy Fairtrade products, you would think that free market economists like the Adam Smith Institute would be pleased at the way the British public has taken our voluntary label to its heart - and to the supermarket checkout - to the tune of nearly half a billion pounds worth of goods in 2007 alone. But their report instead applies totally inflexible dogma and outdated information to criticise Fairtrade producers, without offering any constructive alternative for development other than "leave it to the market". "*

Fairtrade UK also denied trapping the farmers it works, claiming that the money producers earn through Fairtrade help allows them to invest in diversifying their trade in a way that would not have otherwise been feasible. Divine, the Fairtrade chocolate company co-owned by a farmers' cooperative in Ghana, pointed out that Fairtrade was established because the market was unfairly biased towards Western firms, not in order to hinder third-world farmers.

Have your say on www.phytotradeafrica.com/blog



RTFP Devil's Claw update

The proposal submitted by PhytoTrade Africa to the regional Trade Facilitation Programme to develop the Devil's Claw market has finally received the go-ahead. The initiative has two stages - the first involves the contracting of regulatory consultants to examine the EU regulatory environment that applies to the entry and marketing of Devil's Claw in the nutritional supplement, herbal remedy and medicine markets. In particular PhytoTrade intends to make an application for Devil's Claw to be granted regulatory approval under the Traditional Herbal Medicines Directive, which will allow the listed ingredients to be supplied into the EU market from our members. There will also be a strategy established relating to the EU labelling directive concerning the claims that can be used in marketing of Devil's Claw and also on how to enter the US market.

The second stage involves the creation of a marketing dossier and a systematic approach to targeted companies active in the Devil's Claw trade in the EU. The marketing dossier will provide extensive information on the competitive environment and products and will argue the case as to why Devil's Claw should be the product of choice when considering treatments for joint complaints. The dossier will cover the clinical evidence that supports the application of Devil's Claw, will explain the regulatory environment and solutions offered by PhytoTrade, will provide examples of successful products in the market place and how to best position new products, and will also provide information as to how the choice of buying from PhytoTrade members can be used in corporate social responsibility reports.

The intended result from the above activities is that PhytoTrade Africa will develop a network of companies involved in the EU trade in Devil's Claw that are interested in sustainably harvested Devil's Claw that comes from PhytoTrade members. This will enable the coordinated development of the supply chain and guide future investments into infrastructure and possible processing activities. The overall

objective being that PhytoTrade members will have greater direct access to companies in the EU that are interested in buying larger volumes and in developing new products.

PhytoTrade Africa looks forward to working with members and with the Devil's Claw Range States Working Group throughout the process of this initiative, and believes that increased demand will start to be generated during this process.



R & D update

Mozambican Trichilia: Varieties of *Trichilia emetica* fruit found in Mozambique are commonly regarded as food by many. Mafura as it is known is snacked upon or processed into two types of oil an edible one and a non edible one. The edible type is obtained from the pulp that coats the seed which in Mozambique can be red with a black eye, white or a combination of red and white. The other oil type is obtained from the seed after the coat has been removed. In a study to investigate *Trichilia* seed properties, PhytoTrade Africa in partnership with its members in Mozambique and Agricultural Research Institute of Mozambique (IIAM) collected samples from various locations for the tests. The seed coat consisted of 50.6% of the total dried seed weight. The oil content of the seed coats was 34.6% while that of the seed was 31.3% w/w. Samples of the oil are currently being analysed for composition and other properties.

Parinari Stability Tests: PhytoTrade Africa has conducted a series of tests at monthly intervals to ascertain in what product of Parinari deterioration is slowest. The products tested were whole nuts, kernels and the oil. Samples of these were extracted from the same batch of material and analysed for Peroxide and Acid value. Deterioration in whole nuts was hardly noticeable as the PV and AV hardly changed in the 17 months of storage at room temperature. There was a very marginal change in the PV and AV of the kernels also stored at room temperature while in the oil slight changes were recorded.

PhytoTrade starts awareness-raising campaign

Over the years, PhytoTrade has become increasingly aware that a constraint to growth of the natural products market is the lack of consumer awareness of the existence, functional properties and benefits of PhytoTrade's African ingredients. To address this, PhytoTrade has recently engaged Mark McKenzie, a London-based PR consultant to advise us on how to raise awareness on natural products in Europe.

Our members primarily sell to ingredients manufacturers. The marketing efforts of these manufacturers are principally B2B, aimed at finished product manufacturers. Whilst these finished product manufacturers

are involved in marketing their own products, they do not necessarily have either the resources or the business justification to engage in generic awareness-raising of African natural ingredients. PhytoTrade, on the other hand, is well-positioned to promote the use of African ingredients to end-consumers.

With the help of Mark, PhytoTrade is undertaking a brief study to review the rationale for direct involvement in consumer awareness-raising and devise a one year awareness-raising campaign. The aim of the campaign would be to increase consumer demand for African natural ingredients, resulting in a growth rate in sales of some 120% a year.

AGM Update

PhytoTrade is pleased to announce that this year's AGM will be held at Palm Grove Lodge, Inhambane in Mozambique from 10th – 12th June 2008.

The first part will be for members only, and will cover all the core business of the AGM. The second part will be opened to selected non-members, and will allow for broader discussions on topics of importance to PhytoTrade Africa. Highlights will include:

- ◆ **Updates on market trends and projections, with particular emphasis on new and emerging market opportunities of relevance to PhytoTrade members.**
- ◆ **A review of recent Research and Development findings around PhytoTrade's focal species.**
- ◆ **An accurate account of production capacity amongst the membership as it relates to current demand projections, allowing members to identify areas in which we are presently under- or over-supplied**
- ◆ **A description of the soon-to-be-launched array of financial support services for members to be financed through the International Finance Corporation (IFC).**
- ◆ **A discussion on various regional natural product processing investment mechanisms and plans.**
- ◆ **A field visit to the factory of PhytoTrade member Coconut Oil Mozambique Ltda. Here members will have a chance to see mafura oil production in an organically-certified, HACCP-compliant factory in a rural setting with no mains electricity and limited support infrastructure.**
- ◆ **A Share Fair for members and partners, providing a mutual learning opportunity for members to display their own products and to see and learn from what others are producing.**
- ◆ **Presentations on Fair Trade and organic certification, as well as a detailed description of the processes for attaining compliance with the new Ethical BioTrade standard.**
- ◆ **A discussion on the mechanics and practicalities of introducing full carbon accounting into the supply chain.**
- ◆ **An introduction to our new Accredited Good Partners programme, as well as an opportunity to meet the first set of partners.**
- ◆ **A description of the proposals to roll out a new "Formulated for Development" standard, and the implications of this for members.**
- ◆ **A look at some of the Access and Benefit Sharing (ABS) strategies currently under investigation and implementation within PhytoTrade Africa's membership.**
- ◆ **An explanation of the forthcoming consumer awareness campaign to be managed by PhytoTrade and aimed at raising awareness amongst consumers in France and the UK relating to African natural ingredients produced by PhytoTrade members.**
- ◆ **Meet the Buyer sessions with Aldivia and Afriplex.**
- ◆ **A dedicated meeting for current Pre-Qualified Suppliers to explore some of the pertinent recent developments relating to supply agreements with Aldivia.**



Baobab pulp Novel Foods approval Imminent!

Baobab Fruit pulp could be latest nutritious and exotic food to hit supermarket shelves in Europe, pending a decision by the European Commission's Novel Foods Committee expected in the next few weeks.

Many of us who have snacked on baobab fruit are familiar with tangy pulp that has an exceptionally high Vitamin C content, is high in antioxidants, natural fibre and an excellent source of calcium and iron. Traditionally used all over Africa to make cool drinks and to flavour relish, it is also favoured by pregnant women and children.

Under EU legislation, any food that has not been commonly eaten in Europe prior to 1997 is classified as a "novel food" and must gain special approval before it can be used in products for the European market. An application for novel foods approval for Baobab was made by PhytoTrade in June 2006. The application was supported by the Advisory Committee on Novel Foods and Processes (ACNFP), an independent committee of scientists appointed by the UK's Food Standards Agency (FSA).

The pulp is an ideal ingredient for cereal bars, smoothies and other foods. Most importantly for us, approval for Baobab would be fantastic news for Africa. Opening up the European market to this product would make a real difference producers. Watch this space!

And finally...

Check out Swazi Indigenous Products on YouTube <http://www.youtube.com/watch?v=5kvvolvCEOC>

You'll be singing along – repeat after me... "We Marula x3 rula rula rula"!

Is Le Breton the new Bono?

Well we all knew it was just a question of time, but after recent interviews in London with various illustrious publications, our very own Chief Executive, Gus Le Breton is fast becoming a media personality and spokesperson for Natural Products!

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