Overview of Import Markets Analysed

Market Trends in the three Sectors:
Food, Personal Care (Cosmetics) and Phyto-pharma (Health)

Hanoi, 23-24 June 2016

Klaus Duerbeck
biotrade@unctad.org
What do we talk about?

• Sector overview
• Megatrends
• Consumption
• Translation to:
  – Consumers
  – Supply chain
  – Companies
  – Business opportunities
• Examples
• Links
Products and segments

Saps and extracts
Herbs, spices, MAPs
(Processed) fruit, seeds, nuts & grains

Vegetable oils
Essential oils & oleoresins

Nutraceuticals
Cosmeceuticals
Food supplements
Cosmetics
Health

Quality assurance
Buyer requirements
Legislative requirements
Certification

Source: ProFound, 2011
## Imports of natural ingredients for 2015 in 1000 USD

<table>
<thead>
<tr>
<th>Market</th>
<th>Natural colours, Flavours, Thickeners</th>
<th>Spices and herbs</th>
<th>Vegetable oils</th>
<th>Health</th>
<th>Cosmetics</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,515,026</td>
<td>55,505</td>
<td>6,549,920</td>
<td>366,704</td>
<td>5,001,975</td>
</tr>
<tr>
<td>European Union</td>
<td>4,459,366</td>
<td>1,925,574</td>
<td>17,913,526</td>
<td>3,037,924</td>
<td>17,262,411</td>
</tr>
<tr>
<td>Japan</td>
<td>600,942</td>
<td>171,511</td>
<td>1,345,769</td>
<td>574,553</td>
<td>1,590,017</td>
</tr>
<tr>
<td>Switzerland</td>
<td>242,246</td>
<td>36,266</td>
<td>236,338</td>
<td>114,814</td>
<td>589,018</td>
</tr>
<tr>
<td>USA</td>
<td>2,845,228</td>
<td>1,137,021</td>
<td>3,669,790</td>
<td>2,113,300</td>
<td>5,200,555</td>
</tr>
</tbody>
</table>

Source: ITC Trade Map (accessed 20.06.2016)

http://www.trademap.org/cbi/Country_SelProduct_TS.aspx
# Global Megatrends

<table>
<thead>
<tr>
<th>Social</th>
<th>Technological</th>
<th>Economic</th>
<th>Environment</th>
<th>Political</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy, natural</td>
<td>Innovation</td>
<td>Crisis</td>
<td>Care for the environment</td>
<td>Lobbying for health</td>
</tr>
<tr>
<td>Ethical &amp; fair</td>
<td>Connectivity</td>
<td>Supply chain integration</td>
<td>Organic</td>
<td>Substantiation of claims</td>
</tr>
<tr>
<td></td>
<td>Asia</td>
<td>Asia</td>
<td>Dual certification</td>
<td></td>
</tr>
</tbody>
</table>

Source: ProFound, 2015
Consumption

Most consumer products are produced in country of consumption
Brand management not successful

Strong natural food, cosmetics, health industries

Large and increasing demand for natural ingredients
Translation to consumers

- Taste for the new” vs. “desire for the known”
- Market polarization “Affluence vs. Economizing”
- Time pressure and stress
- Sustainability concerns
- Ageing population
- Smaller households
- Natural lifestyle choice
- Quality brand management missing
Translation to supply chain (1/2)

Concentration (retail, processing, importing):

- Mergers & Acquisition
- Increasing buying power of few players
- Global trading of ingredients
- Distance between buyers and management
- Preferred suppliers in integrated supply chains

How to deal with this reality?

- **Conventional markets:** large and consistent volumes
- **Niche markets:** lower volumes, specialty products, price premium
Translation to supply chain (2/2)

More processing in producing countries
  • More value addition becomes possible
  • Pressure on resources

New responsibility for resource management:
  • Health of users
  • Social acceptance, benefit-sharing, fair treatment
  • Sustainable use to ensure availability of species

➔ Future decrease in market / availability for raw material expected
Translation to companies (1/2)

Higher requirements, stricter controls!

- Safe products ❌
  - Safe to process and use
  - Safety in terms of supply
  - Safe in terms of sustainability
  - Safe in terms of proof of efficacy
  - Safe in terms of transparency
- Documented accordingly
- At the right price
- Communication is key
Documentation and certification

• Different rules of the game
  • GACP
  • Standard Operating Procedures (SOPs)
  • Standards (GACP, HACCP, ISO 22.000, ISO 26.000)
• Health and safety are priority
• Claim substantiation
Ecological standards

- Organic: Organic Agriculture
- Different rules apply for labelling and marketing: food, cosmetics, health

Social standards

- Fair treatment/CSR: Fair Trade, SA 8000, OHSAS 18001, ISO 26000
- Fair sharing of benefits: BioTrade Principles and Criteria, FLO, and Fair for Life

Biotrade

- BioTrade Verification: UEBT

Sustainable wild collection

- Sustainable wild-collection: Management and certification standard FairWild Standard
Translating trends in business opportunities

• Different value addition propositions
  - Sustainability
    o Certification
    o Marketing stories
  - Quality and traceability, with right documentation
  - Further processing, with right documentation

• New market segments
• Meeting needs for functionality or activity
Example: Forecast of sales of MAPs in Germany in 2020

Source: www.meo-carbon.com
Example: Organic Packaged Food Markets

Top 5 Organic Packaged Food Markets in 2014

Source: Euromonitor International trade sources/national statistics
Links

• CBI studies on sector trends:
  – Food:
  – Cosmetics:
  – Health products:

• Trade:
  – Japan spice statistics:
  – EU spice statistics:
Questions and answers

The seeds we plant today
Are the fruits of tomorrow
Our future lies in our hands

Thank you.

For further information: www.biotrade.org