

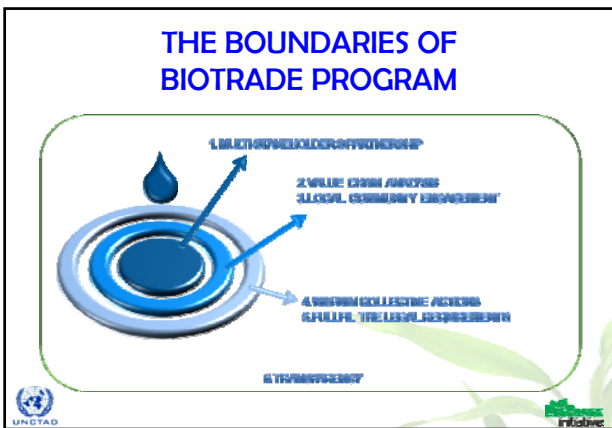




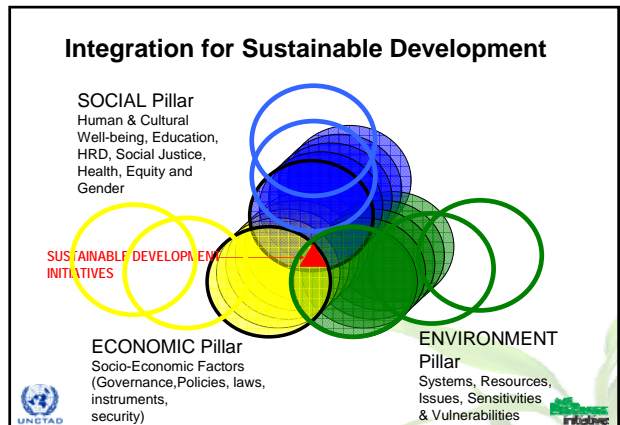
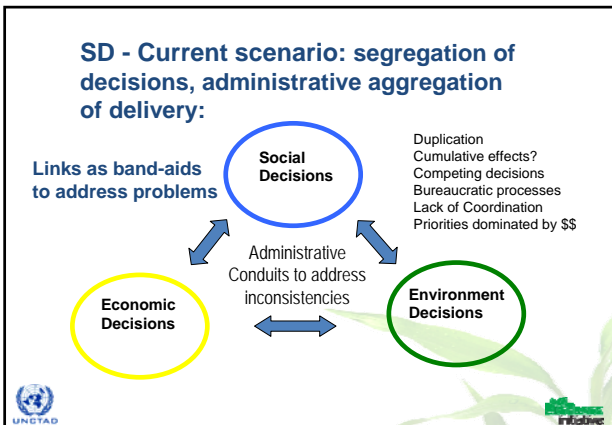
VALUE CHAIN ISSUES AND MARKET REQUIREMENT OF NATURAL INGREDIENTS

- Mrs. Nuning S. Barwa
- Value Chain Analysis Workshop Jakarta, 20 and 21 July 2011



- ### CORE PRINCIPLES
- People at core of Sustainable Development;
 - Sustainable lifestyles dependent on sustainable use of natural resources & incorporation of traditional & local knowledge;
 - Peoples aspirations and visions should dominate policy & practice;
 - Environmental & Social justice core to sustainable development
 - Integration environment & socio-economics in decision making at all levels is needed;
 - Equity in development processes & outcomes enabling environments through empowerment and community development frameworks; ingredients to address poverty & improve quality of life;
 - Land & resource access & tenure clarity – increases certainty & confidence;





TREND OF MARKET DEMAND

- There is much demand for new products, because the safety of chemical compounds is questioned by certain groups of consumers which have been picked up by the media, while innovative, functional products are in demand.
- Considering the stringency of European Cosmetics regulation, these concerns should be seen in a perspective of groups of consumers who in general prefer natural above chemical ingredients. On the other hand, there is also a demand for older natural ingredients.
- This is also related to the trend towards ethnic cosmetics, making use of more traditional ingredients (such as African or Asian formulations). In conclusion, there is a wide range of choice for the consumer: innovative, traditional and modern. Natural ingredients can, to a certain extent, be used in all of these categories.



EXPORT OF INDONESIA MAC PLANTS

Years	Export Value Medicinal Plants (Thousand US\$) HS 12.11	Export Value Essential Oils (Thousand US\$) HS 33.01
2006	62,43	67,325
2007	90,75	101,140
2008	86,83	147,134
2009	92,47	90,648
2010	10,263	124,718



EXPORT DEVELOPMENT OF MAC PLANTS

COUNTRY	2006		2007		2008		2009		2010	
	Value \$ USD 000	Quantity (Tons)	Value \$ USD 000	Quantity (Tons)	Value \$ USD 000	Quantity (Tons)	Value \$ USD 000	Quantity (Tons)	Value \$ USD 000	Quantity (Tons)
Chinese Taipei	820	1,578	1,803	3,604	860	1,980	1,008	2,484	1,588	1,930
Singapore	1,118	1,016	2,236	2,139	1,994	1,771	1,811	1,807	1,641	1,553
China	25	183	105	111	166	443	880	1,070	1,389	1,809
India	286	285	428	404	818	858	870	767	873	500
United Arab Emirates	214	485	408	973	514	533	754	718	511	375
Japan	135	27	306	81	277	110	291	310	236	1,017
France	201	10	181	15	890	17	862	26	370	50
Republic of Korea	45	11	113	11	181	98	278	230	277	138
Germany	255	146	181	50	285	246	441	512	219	84
Russian Federation	210	64	184	89	241	68	106	27	212	47
Viet Nam	1	7	55	146	46	90	146	189	160	104
Hong Kong, China	101	289	229	714	116	172	17	109	111	303
Malaysia	64	53	116	204	288	186	182	356	112	246
World	6242	5901	9075	10507	8843	7640	8347	10213	10203	8890



EXPORT SHARE OF INDONESIA ESSENTIAL OIL

Country	2006	2007	2008	2009	2010
	share (%)	share (%)	share (%)	share (%)	share (%)
USA	23.26	19.54	21.00	18.14	22.34
Singapore	30.68	29.74	24.80	21.04	19.94
India	6.07	5.23	7.11	9.76	12.32
France	9.85	9.08	8.16	7.76	9.48
Spain	3.96	2.42	1.97	2.72	7.17
Germany	3.12	6.02	6.73	4.81	6.69
Switzerland	5.78	12.61	7.68	10.10	5.97
Netherlands	6.55	5.20	10.56	10.74	4.33
United Kingdom	3.45	2.97	3.86	3.14	3.30
United Arab Emirates	1.55	0.69	2.48	3.43	2.24
China	1.61	2.83	1.46	1.18	1.81
Italy	0.10	0.40	0.61	0.70	0.55
Brazil	0.23	0.12	0.16	0.42	0.48
Belgium	0.33	0.42	0.02	0.01	0.47
World	4,619	4,858	4,355	4,589	4,641



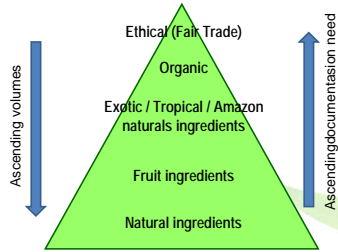
EUROPEAN UNION MARKET OF NATURAL PRODUCTS

Table 1.1 EU27 market volume for cosmetics, 2005-2007 at retail sales prices (RSP), in billion €, average annual change in % and market share

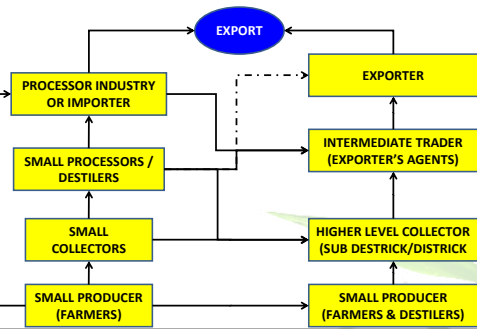
Country	2005	2006	2007	Average annual increase	market share 2007
Germany	11,453	11,898	12,328	3.7%	19.2%
France	10,050	10,440	10,680	3.1%	15.7%
United Kingdom	9,382	9,471	9,863	2.5%	14.5%
Italy	8,607	8,793	8,998	2.2%	13.3%
Spain	7,113	7,443	7,872	5.2%	11.6%
Netherlands	2,358	2,437	2,578	4.6%	3.8%
Poland	2,015	2,149	2,295	6.7%	3.4%
Belgium/Luxembourg	1,701	1,720	1,754	1.5%	2.6%
Sweden	1,490	1,522	1,631	4.6%	2.4%
Greece	1,314	1,344	1,358	1.7%	2.0%
Austria	1,248	1,291	1,358	4.3%	2.0%
Portugal	1,100	1,103	1,109	0.4%	1.6%
Denmark	860	945	1,009	9.3%	1.5%
Romania	647	768	909	18.5%	1.3%
Czech Republic	699	759	819	8.2%	1.2%
Finland	697	758	797	6.9%	1.2%
Hungary	636	618	686	3.9%	1.0%
Ireland	546	567	594	3.4%	0.9%
Slovakia	336	359	429	13.0%	0.6%
Bulgaria	176	189	215	10.5%	0.3%
Lithuania	161	181	201	11.7%	0.3%
Slovenia	157	159	164	2.2%	0.2%
Latvia	93	98	104	5.7%	0.2%
Estonia	76	85	92	10.0%	0.1%
EU (ex. Malta/Cyprus)	62,912	65,128	67,823	3.8%	100.0%



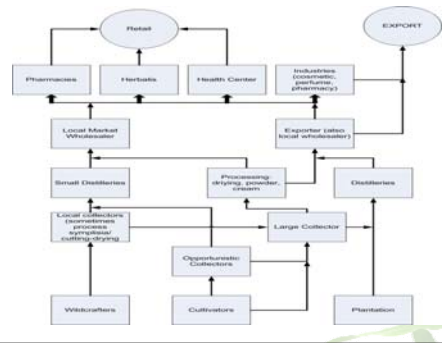
TREND WITHIN NATURAL INGREDIENTS MARKET



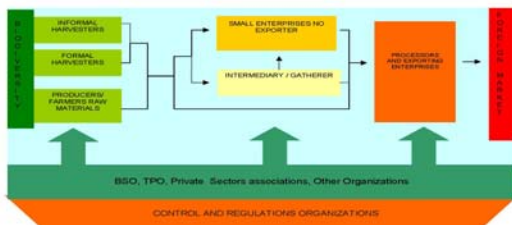
SUPPLY CHAIN ANALYSIS NATURAL INGREDIENTS



SUPPLY CHAIN OF MEDICINAL PLANTS



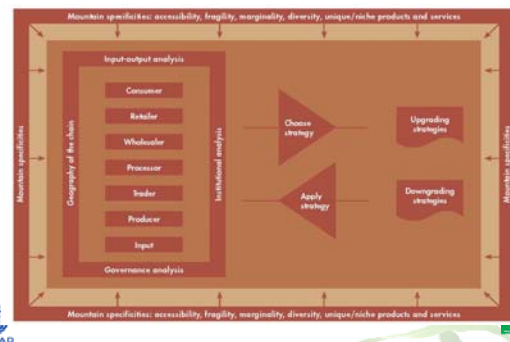
RELATIONSHIP IN VALUE CHAIN

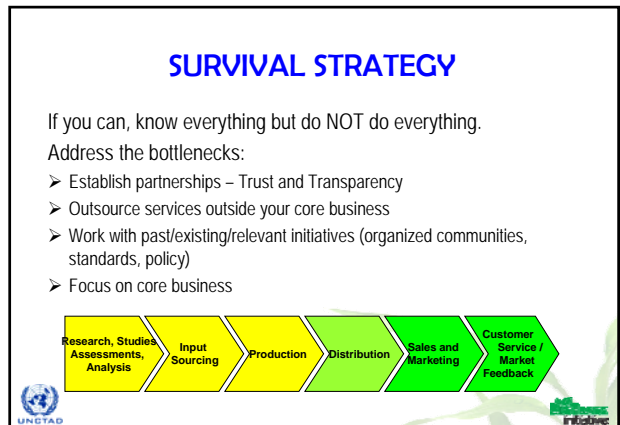
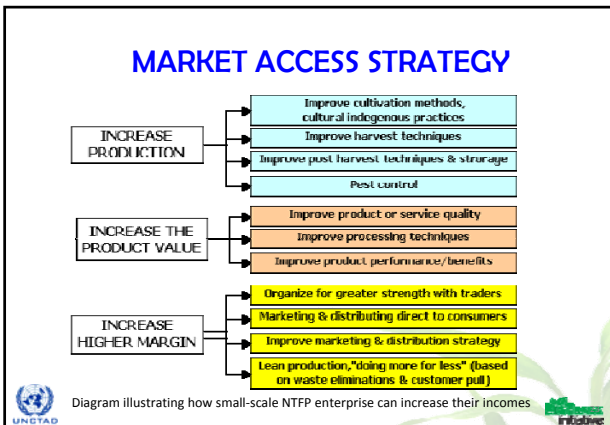
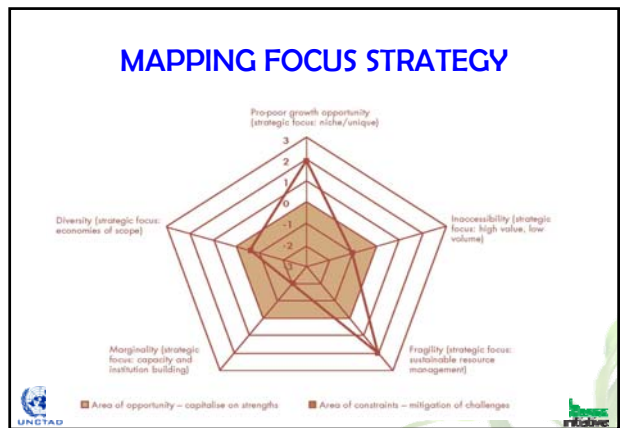
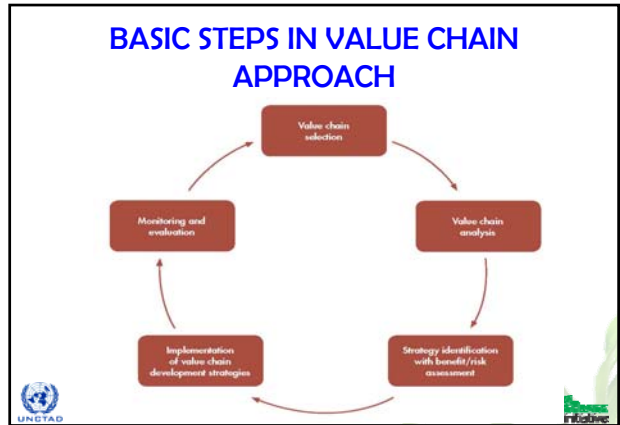
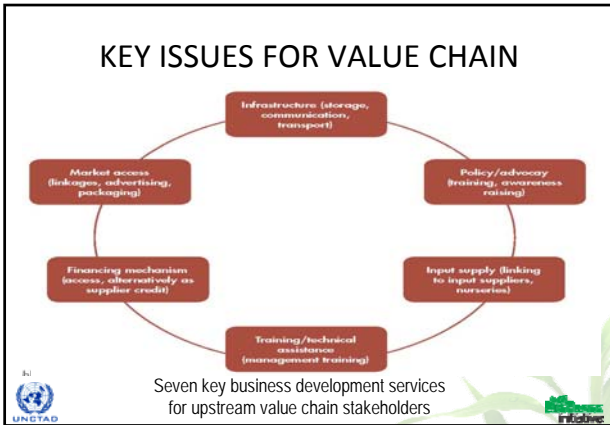


Note:
 - - Relationships that should be formalized and strengthened according the biotrade criteria
 - - Relationships that should be integrated to the value chain



VALUE CHAIN FRAMEWORK





KEY ISSUES ARISING IN THE ASSESSMENT

Enterprise level:

- a. Limited compliance to legislation
- b. Poor collection and harvesting practices
- c. Insufficient quantities
- d. Limited adherence to international quality requirements
- e. Processing technology at cottage level
- f. Limited awareness on best practices such as GAP, GACP, GMP, etc
- g. No business plans
- h. Limited capacities to access market information

† Limited access to financing

Sector level:

- a. No production data (cultivated and wild resources)
- b. Bureaucracy in issuance of permits to wild resources
- c. Limited appreciation of the value of the natural resources
- d. Inadequate and expensive testing and laboratory services
- e. No guidelines/legislation exists for quality management processes
- f. The legislative framework to regulate the sector is almost non-existent
- g. Research & Development efforts scientifically driven as opposed to



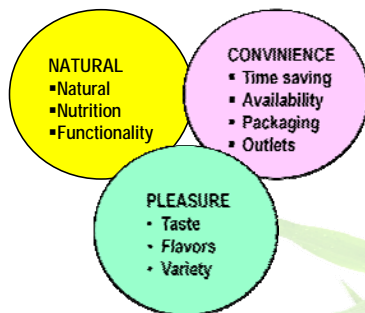
MARKET REQUIREMENTS

Criteria of Natural Product:

- Good quality product(s)
- Sustainable supply
- Acceptable prize
- On time delivery
- Green product(s)



MARKET DEVELOPMENT



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