MARKET INFORMATION BRIEF FOR NATURAL INGREDIENTS SECTOR

TRACE PROJECT

Uganda Export Promotion Board
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1.0 OVERVIEW

The natural ingredients market is relatively small, but is growing faster than the overall market.This sector continues to benefit from growing health concerns, a sense of well-being and looking good, as well as the influence of media attention.

Industrial applications are the major factor behind the ever growing demand for example:

- Honey is used as an ingredient in creams, balms; extensively in the cosmetic, pharmaceutical industry& food industry
- Essential Oils used in cosmetics, toiletries, tooth-paste, food products like confectionery, chocolate, ice cream and pharmaceuticals
- Vanilla used in flavouring in food, to make perfume, ethyl vanillin in food, essential oils of vanilla and vanillin are sometimes used in aromatherapy

In the EU alone Imports of vegetable oils, fats and waxes increased by 7.7% annually between 2003 and 2007, essential oils by 4.7% annually, vegetable saps and extracts by 5.6% annually, raw plant material by 4.7% and coloring matter by 4.1%.[1]

Latest market price trends for most natural ingredients also show a consistent increase for the last 2 – 3 years. The trend is mainly explained by increasing demand against constrained supply.

This brief focuses on 5 products of the natural ingredients sector i.e. Honey, Sheabutter, Vanilla, Essential oils and Gum Arabic and also analyses the performance of each product in the global market. The brief also contains information on importers/buyers & suppliers of processing equipment for the afore mentioned products.

A) HONEY (HS 0409)

Product description: According to the Codex Alimentarius the definition of honey is as follows: Honey is the unfermented, natural sweet substance produced by honeybees from the nectar of blossoms or from secretions of living parts of plants or excretions of plant-sucking insects on the living parts of plants, which honeybees collect, transform and combine with specific substances of their own, store and leave in the honey comb to ripen and mature. Honey shall not have any objectionable flavour, aroma or taint absorbed from foreign matter during its production, harvesting, processing and storage and shall not contain natural plant toxins in an amount that may constitute hazard to health

Beeswax is a by-product of honey. It is taken from extracted honeycombs, old or damaged combs, stored combs and from the cappings that cover the cells containing honey. The cappings consist of primary wax. Beeswax is traded totally separately from other bee products, being an ingredient for a totally different market segment.[2]

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[1] CBI Market Survey for Natural Ingredients for cosmetics,2007
[2] CBI Honey Market survey, 2007

Honey Applications & Market Segmentation: Honey has 4 main applications which also form market segments: honey for direct consumption, honey as an ingredient in products, industrial honey and honey as a raw material for mead. An estimated 85% of all honey is for direct consumption. It is also this segment in which organic honey has a major market.

Market size: The world demand for honey stood at US $916 million in 2007. Between 2003-2007, demand for honey declined (-2%) reflecting a decline in world market prices while demanded volumes grew by 2%.[3] This implies that during the above period, one had to export a lot of honey for decimal price in return a factor that has seen many exporters focus on domestic markets other than International markets.

Major markets: Germany is the leading importer of natural honey commanding a market share of 20.9% of the world honey imports, followed by USA with 19.07%, United Kingdom (9.09%), Japan (7.3%) and France with 6.9% respectively.[4] Although Germany is the world lead importers, USA presents better market opportunities for natural honey exporters

Uganda's honey export performance: According to Uganda Bureau of Statistics 2007, there has been a gradual increase in formal Uganda's export volumes. For instance, formal exports increased from 60kg in 2005 to 208kg in 2006, hitting 1.3 tones in 2007. In comparison however, informal (cross-border) exports grew from 2.84 tones in 2005 to 6.6 tones in 2006.

Uganda's Honey Markets: The market destinations for the informal exports are mainly Kenya, Rwanda, DR Congo and Sudan. On the other hand, the formal export market destinations include Kenya, United Arab Emirates, Oman, Saudi Arabia, USA and United Kingdom

The EU which is a potential market for Uganda remains an insignificant export destination for honey produced in Uganda despite the listing of Uganda among third countries to export to the EU's lucrative 27 country-market. Ugandan processors have struggled to comply with volumes required by EU importers; they have also struggled to comply with some quality standards requirements, costs of freight and competition from the honey giants China, Argentina, Brazil and Germany. The opportunity now lies in niche marketing.

Consumption Trends:

- The general preference is for clear honey with a mild taste, but the monofloral types such as acacia are becoming more popular.
- The EU-25 consumes approximately 22% of the world's annual honey production.
- Honey consumption is increasing slightly. It profits from the health trend in major International markets.

[3] ITC Trademap
[4] Ib

- The fluctuations in consumption have been caused by imports of honey contaminated by substances which are prohibited in the EU.
- Consumption of beeswax is also increasing at a slow rate.
- Honey reaches retailers through importers and packers, who often blend the honey to make cheap and acceptable table honey.

Local Consumption: Whereas domestic production figures are not easily available, there is a strong evidence to suggest that the local honey market in Uganda is fast expanding. For instance, total honey imports in 2005 were 122.8 tones (95.3 tones informal imports and 27.5 tones formal imports); in 2006, total imports were 54 tones (49.2 tones informal imports and 4.8 tones formal imports). In 2007, formal imports were 22 tones while the informal import figures were not available at the time of compiling this article. The countries of origin of the imported honeys vary widely from United Kingdom to United States, Australia, China, Netherlands, Switzerland, Austria, Middle East, South Africa, India, COMESA, and East Africa countries. Most of the importing companies in Uganda are distributors, processors / packers, body care manufacturers, hotels and supermarkets.

Market Competition: Uganda's honey exports face competition from the world giant suppliers such Argentina commanding a market share of 14.9%, followed by China (10.5%), Germany (9.5%) and Hungary with 6.6% respectively. It should be noted that Germany which is the world lead importer of honey is also one of the top 3 exporters of the same product. This probably implies that Germany is engaged in re-exports of natural honey.

Prices & Margins: The quality and origin of the honey are a major factor in price setting. The prices of internationally traded honey have fluctuated dramatically over the last five years. The most important reason for the fluctuation was the embargo on the imports of Chinese honey into the European Union. Low demand kept honey prices relatively low in 2007. Increased demand and a ban on Brazilian supplies, which have been growing and accounted for 4% of total EU imports in 2005, led to increased prices in 2006.

Organic honey is valued more highly than conventional honey of the same quality, and the price premium ranges from € 160 to € 235 per tonne. In the near future, the price development of organic honey will be heavily influenced by the amount of supply

Market Access Requirements:
Negative growth rates in value for major importing markets reflect deteriorating prices for honey. The honey market is also still heavily affected by stringent quality and food safety standards. However, extensive use of the commodity as an ingredient in cosmetics, pharmaceuticals and food industries implies that the market for honey will

continue to exist for the foreseeable future. This is the probable reason why global import volumes continue to grow at 2%.

Market Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.

Non-legislative requirements
Social, environmental and quality-related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems.

For organic honey, some of these rules apply: Crops on which the bees feed may not have been chemically treated. Bees should be able to survive harsh times on self-produced honey and therefore may not be fed sugar to increase honey production, there may not be any airports or main roads near the beehives.

Packaging, marking and labeling: Honey exported is usually in bulk, in standard epoxy-lined steel drums which can contain 300 kg of honey. These drums are specially produced for carrying foodstuffs. There are reports of the use of plastic containers, but these are not commonly used. Importers often have requirements regarding the minimum batch size. Most of them prefer to have full containers, while some of them allow LCL (lesser container load) conditions.

Industrial users of honey require different packaging methods from consumers. These methods vary from full truckloads of 25,000 kg (for food industry and honey packers), "cubitainers" of 10,000 kg, and drums of 300 kg, to plastic buckets of 25 kg or 12.5 kg.

Tariffs and quota: Most supplies of honey or beeswax from developing countries like Uganda are free from import tariffs.

Uganda's opportunities: Interestingly, the demands for organic honey, fair trade ethically traded honeys, and other specialty honeys are rising in the EU market. And yet, there are premiums of between 10 to 30 percent on these honeys compared to the conventional honeys. This is where Ugandan processors and packers have a chance to hit the EU markets.

The Middle East is a very lucrative market and the market access conditions are much easier and there is no requirement for Residue monitoring. And yet, the honey prices are as they are in the EU. But, this market is not open and tends to be highly secretive.

It is therefore important that:
- Processors embrace entrepreneurial skills in developing their products and markets, whether for conventional honey or specialty honey. Thy have to differentiate their products from those of competing companies or countries.
- The Ugandan market is highly lucrative but there are glaring gaps in meeting the demand of buyers. Processors have a chance of tapping into this opportunity.

The Middle East and COMESA markets are highly lucrative for processors in Uganda. These markets offer a more competitive advantage compared to the EU, especially for conventional honeys.

To maintain high quality honey, the following post harvest practices are the recommended:

- Honey should be packaged in air-tight-lidded plastic buckets or glass containers.
- It should be kept free from foreign additives. Pure honey is clean, translucent and leaves no particles on the surface of the container when tilted
- Care should be taken to keep it golden brown. This is considered proof of good quality. This color explains the good harvesting methods that avoid smoke
- Before transport to market places, grading should be done and last but not least proper labeling that effectively describes contents and product safety issues will be important in the market place.

B) SHEA NUTS.

In Uganda, the shea tree is found primarily in the central northern region, between Lira, Gulu, Kitgum and Soroti. The tree is found along the borders of Congo (north of Lake Albert) and Sudan, with a small and isolated population in Nakasongola.

Shea nut trees only begin to bear fruit after about 20 years and they may continue to produce nuts for up to 200 years after reaching maturity. The nuts, which are embedded in a soft fruit, fall to the ground during the harvesting period (typically June through August). The shea nuts when pressed produce shea oil and butter which is used in the manufacture of cosmetics and pharmaceuticals products.

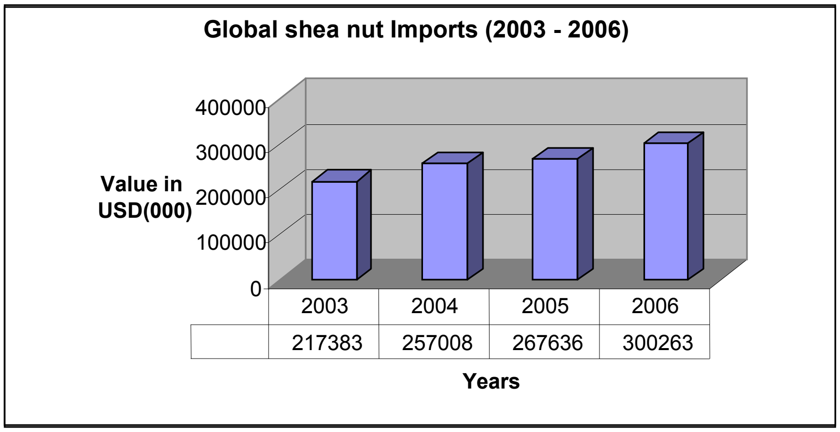
Uses of Shea nut oil/butter:

Traditionally, Shea butter is used in daily cooking, and also taken therapeutically for colds and flu. It is used on newborns and infants daily to protect their sensitive skin from irritants and also used extensively by the elderly to treat afflictions of the joints and to maintain the suppleness of their skin. Many people use it regularly on their feet to heal cracks made by the dry Sahara dust.

In recent years, shea butter has come to be appreciated internationally as an active therapeutic ingredient in the most elegant and effective hair and skin care products; even a tiny fraction of shea butter in the ingredient list adds great value to any cosmetic formulation.

Global demand

The world demand for shea nuts grew by 12% in values from US $267 million in 2005 to US $ 300 million in 2007[5].



In major importing countries, demand for shea nuts has been on an upward trend and expected to grow further due to its multi-purpose use in the manufacture of chocolates and natural based cosmetic products. Although demand is growing, the market for shea nuts faces supply constraints due to civil unrest in supplying countries such as Cote D'ivore, Southern Sudan and Northern Uganda. The figure above illustrates global import trends between 2003 to 2007. There are no trade statistics available for the year 2008.

World leading importers

According to trade statistics provided by ITC trade map, the world leading importers of shea nuts are Bahamas, Ghana, Indonesia, Liberia, Mali and Venezuela.

Emerging Markets

The United States of America (USA) and European Union (EU) have in the recent become major importers of shea nuts from Africa. In these markets a few companies control the import market for shea nuts. Their main clients are chocolate manufacturers as the shea nut by-products are among the principal ingredients in cocoa butter equivalents (CBEs). In the EU, the countries that import most from Africa include the United Kingdom, Denmark, Sweden, Portugal, Ireland and Russia.

Japan is another emerging market which is dominated by the food industries that prefer to buy the shea nuts as opposed to the butter so that they can have as much control as possible over the processing and quality of the final product. Nuts are also preferred because they can be stored for up to five years in the right conditions, while the butter is more expensive to store and deteriorates more rapidly.

International Prices.

International market prices are influenced by a number of factors such as quality, demand & supply, seasonality and also quantity of order. For instance pure cold-

[5] ITC TradeMap

pressed whole nilotica shea-butter from Uganda has the following costs depending on the order:

- Orders with minimum quantity of 9kg costs approximately US $ 29.70 per kilogram.
- Orders over 25 kg cost US $ 27.50 per kilogram.
- Orders over 50 kg cost $ 25.00 per kilogram
- Orders over 100 kg cost US $ 21.00 per kilogram
- Orders over 500 kg cost US $ 16.50 per kilogram
- Orders over 1000 kg cost US $ 12.10 per kilogram.[6]
- Organically certified shea butter costs US $10.00 per kg.

Local Prices

Availability of shea nuts in major town markets is still low, and prices for shea nut on rural markets has shot up to five times the normal rate. A kilo of shea nuts costs Uganda shillings 10,000 in major town markets.

Uganda's Opportunities.

Uganda's Shea butter is highly demanded in major importing countries due to its uniqueness over the West African shea butter. Its texture is very soft and it melts very smoothly with the body temperature of human being, whereas other shea butter (West African shea butter) is hard and has to be rubbed with hands to create friction heat to melt it.

Our Shea butter has Natural flavour, Natural accents, and it is has got a very pleasant accent (aroma). It is an all purpose skin heal and moisturizer product which is highly demanded in European countries. Uganda's opportunities therefore lie in engaging in efforts towards multiplication of shea nut trees to boost supply capacities and tap into the growing demand.

By virtue of the distribution of shea nuts in Uganda and its demand both at the national and international markets for both food, cosmetics as well as pharmaceutical industries, the product has a high potential for rural poverty alleviation as the returns can trickle down to every land owner where the trees grow.

C) VANILLA (HS 0905)

Main uses of Vanilla: Vanilla is widely used in the confectionery and perfumery industries. It is used for flavoring chocolate, ice cream, soft drinks, condiments, and alcoholic drinks and to a less extent medicines. It is added to perfumes and other cosmetic products to give them fragrance. Vanilla is also important in diffusing the foul smell of rubber during tyre making.

Product specification

Production and traditional processing methods used in Uganda produce Bourbon-type vanilla. Grading standards differ among producing countries. Classifications are based on bean length, aroma, color, moisture content, consistency and freedom from

[6] Organic Fair Trade Nilotica Sheabutter report (www.sourcebotanicals.com)

blemishes, insect infestations and mildew. Beans are categorized as whole, split or cuts. Top class beans are dark and oily, with a good strong flavor and aroma and no defects. EU certified laboratories like Chemiphar Laboratories Ltd has equipment to analyze quality. These analyses include length (should be 12-20 cm), insect infestation (should be zero), moisture content (should be 20-28 per cent), vanillin (should be 1.5 to 2.5 per cent but this is usually specified by the buyer, you may find beans of vanillin less than 1 % being bought) and color (as per buyer specification according to the international color chart). It is advisable to all vanilla exporters to send samples of vanilla for analysis before a shipment is done. Bourbon vanilla is classified by international standards basing on Madagascar into five main grades of whole and split beans -- 1st, 2nd, 3rd, 4th, and an additional grade for all other bean.[7]

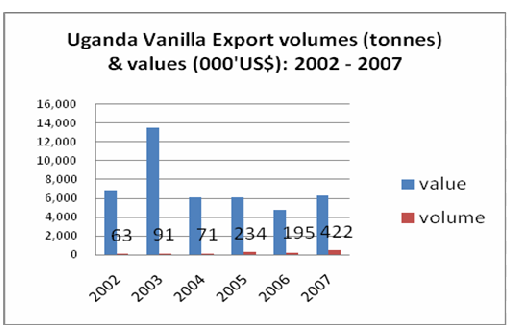
Market Size: The world demand for vanilla stood at US $12.5 billion in 2007. The market experienced a decline in value by -34% between 2003 – 2007 reflecting a fall in world prices for vanilla.The vanilla market is largely characterised by price volatilities that has often seen the crush in the market. Although there has been relative market stability between 2002 – 2004, a behaviour of this market provides insights on addressing supply chain issues.

Major world Markets: USA, France, Germany,Canada, Japan and United Kingdoms are the world leading importers however all this markets present declining trends in terms of prices fetched by vanilla.

Uganda's major markets: Uganda's vanilla exports represent 4.21% of world exports and its global ranking in world exports is No. 5. USA, Germany, France and spain are the major importers of Uganda's vanilla. World market indices indicate Germany is the only market whose demand for our vanilla is on an upward trend and Uganda should focus on for improved exports.

Market Competition: Uganda's vanilla exports face competition from Madagascar, France, Germany and Indonesia.

Export Performance: Vanilla export values recovered from a fall in 2006 by 30%, from US$ 4.8 million in 2006 to US$ 6.2 million in 2007. Volumes lept 116% from 195 MT in 2006 to 422 MT in 2007, a possible explanation being carryover stocks kept after the sharp slump in prices forced producers to hold their stocks in anticipation of a price recovery. The figure below illustrates uganda's trends in vanilla exports.



[7] Vanilla Product Profile, UEPB, 2005

International Prices.
Uganda's vanilla has slowly been chipping away at Madagascar's dominance in the industrial and food sectors. However, quality problems persist for not being vigilant during the curing and preparation processes. The reason Uganda's vanilla attracts low prices is due to sudden change of quality and inconsistent volume.

Currently global prices range from $15/kg to $250/kg. Uganda's beans cost $20/kg, while other origins like Tahiti price theirs at $250/kg. In 2003, vanilla prices rose $550/kg due to high demand amidst low supply.

Farm gate Prices:
Farm gate prices today stand between shs. 1,500 and shs. 5,000/kg compared to last year's shs. 7,000/kg. The price depends on the quality and quantity.

Opportunities and forecast: Several synthetic vanillin factories in China closed down in 2007, due to environmental problems, edging the prices of synthetic vanillin closer to those of natural vanillin. This pushed slumping international natural vanilla prices upwards in 2007.In the mean time, farmers and exporters need to hold on to cured stock of vanilla, improvement on grading & quality management and product diversification to guard against market risks and also curve niche markets.

D) ESSENTIAL OILS (HS 330129)

The most important oils that have a good demand presently are: Lemon Grass oil, Rose Oil, Ginger Oil, Clove Oil, Citronella Oil, Geranium Oil, Palmarosa Oil, Eucalyptus Oil, Mint Oil, Vetiver Oil, Jasmine Oil, Lavender oil, cinnamon oil, etc.

Lemon grass and eucalyptus are produced mainly in the South western part of the Uganda while cardamom and citronella are produced in the Eastern pat of the country.

Essential oils are used in the cosmetic and pharmaceutical industries for: cosmetics, toiletries, tooth-paste, food products like confectionery, chocolate, ice cream, aromatherapy creams and oils

Market Size: The world demand for essential oils stood at US $755 million in 2006 and grew by 7% between 2002 – 2006. Although tradable volumes of essential oils declined in quantity by -4%, world prices improved. The essential oils market is dominated by major pharmaceutical and cosmetic industries mainly in USA and Europe.

In 2007, global demand for Lavender stood at US $1.8Million reflecting decline of -46% between 2003 – 2007. In the same period, demand for peppermint was at US $1.6 Million reflecting a market stagnation.

Major Markets: Essential oils are a major input to the personal care product industry. Estimates put the EU personal care product market at Euro 1.3 billion (2005 estimate). This market is projected to continue to grow significantly over the years with major players like India and China dominating supply. The range of products from essential oils is quite high and markets for these products are stable. They mainly include,

- cosmetics,
- toiletries,
- tooth-paste,
- food products like confectionery, chocolate, ice cream
- pharmaceuticals
- aromatherapy creams and oils

Market Indices indicate that USA, France, United Kingdoms and Germany are the major importers of essential oils. There is a positive growth trend in virtually all the major importing countries with Switzerland and USA presenting better market opportunities for essential oils. The decline in volumes visa vie values could be attributed to underdeveloped supply capacity in exporting countries. The table below illustrates the world leading importers of essential oils.

For Lavender oil, Mexico, Ghana, Malaysia and Belarus are the leading world importers. Whereas United Kingdom, USA and Singapore remain the world major markets for peppermint.

Trade Structure:
The most important trade channels for most African producers will be agents, importers, wholesalers and brokers, either with or without processing facilities. Although some industrial users have their own purchasing department, traders and brokers still fulfill important functions, since they are well informed about the International markets. The most important trend is the increased focus on traceability.

It is important to keep in mind that, throughout the various trade channels and across the different product groups, different prices and margins apply. They depend on whether the product is organic or not, whether it is a new product or not, the level of processing, if there is a market price and the development therein, its availability etc

Prices & margins:
Essential oils with specific emphasis on those Uganda can produce such as eucalyptus citridora, lemon grass; cardamom and citronella are in the following range.
Eucalyptus citriodora with origin from Madagascar sells for US$ 43 for (less than 10 kgs), Lemongrass sells for US$ 14 Per less than 10 kgs packs.

Prices for cardamom of fancy green and mixed green types are on a high increase having moved from about US$ 4.4 a year ago (2007) to US$ 15 in 2008 in the US. In Europe, prices rose from US$ 3.9 a year ago (2007) to US$ 14. Citronella of Indonesian origin has been reported to command as high as $ 11 per kilo in farm gate prices. The table below summarizes prices of some the essential oils in various markets.

Table 1: Prices for Essential Oils as per December 2008

Product	Origin	Prices (€/kg)	Remarks
Basil	Egypt,	140-220	1 kg
	Italy	200-220	25 kg
Chamomile, German	United Kingdom, Hungary,	800-1,200	1 kg
Chamomile, Roman	United Kingdom/Italy	700-1,050	1 kg
Lavender	Bulgaria	130	
	French	115-190	
	France, Bulgaria,	120-190	1 kg
Lavendin	France	120-130	Grosso
	Spain	45-55	1 kg
Marjoram	India, Spain,	160-190	1 kg
	Spain	150-190	
Mint	France,	150-165	Piperita
Mint	UK, India, USA	80-125	Piperita, 1 kg
	India	125	Piperita, 1 kg
Mint	Nepal,	80-90	Cornmint (*M arvensis*)
Mint	United States	125-130	Spearmint (*M spicata*) 1 kg
Rosemary	Tunisia, Spain	90-110	1 kg
Sage	Bosnia, Croatia	60-200	1 kg
Thyme	Albania, Hungary	320-500	1 kg

Product	Origin	Prices (€/kg)	Remarks
Citronella	Vietnam	25-30	
Citronella	Sri Lanka, India	25-40	1 kg
Eucalyptus citriodora	China	50-55	1 kg
Eucalyptus globulus & other high cineole types	Spain/Portugal	25-30	
Eucalyptus globulus & other high cineole types	Kenya, China, South Africa	50-90	1 kg
Geranium	Kenya, South Africa, Egypt	240-280	1 kg
	Egypt	280	
Juniper berry	Bosnia, Croatia, India	160-330	1 kg
Lemongrass	Kenya, Nepal	45-60	1 kg
Palma Rosa	India	55-100	
Patchouli	Indonesia	175-200	
Patchouli	Papua New Guinea	185	
Rose (Otto)	Bulgaria, Iran	7,000-7,500	1 kg
Tea Tree	Australia	60-75	
Tea Tree	Zimbabwe, Australia	75	1 kg
Vetiver	Sri Lanka	225-350	
	Indonesian	350-400	
Ylang ylang	Madagascar/Comoros	250-300	Complete, 1 kg

Data Source: ***ITC Market News Service***

Some of these, such as toiletries end in luxury markets with inelastic price structures. The above imply that demand for essential oils will remain considerably high for the foreseeable future

It is important to note that commercial purity of distilled essential oils is of paramount importance in marketing. Rigorous tests are often a requirement and distillation equipment must never contain base metals

Uganda's Opportunities:

Opportunities lie in best post harvest practices. Some materials, and in particular flowers, should be distilled as quickly as possible. Many herbs are left to wilt, or are dried before distillation while barks, seeds and roots can be dried and stored for several months prior to distillation. As oil may be lost during drying care needs to be taken and low temperatures used. Allowing leaves to dry in the shade or partial shade will result in less loss than direct sun drying. Leaves should never be piled high in heaps as this will not allow drying and may even encourage fermentation. It is vital that the material is dried to a moisture content that is low enough to prevent the growth of moulds. The dried product should be stored in a cool place and protected from any pick-up of moisture.

In terms of trade, opportunities lie in value addition through improved processing/extraction, upgrade from rudimentary methods of distillation to more modern distillation methods, investing in higher capacity processing technologies to improve supply of essential oils so as to meet both domestic and international demand. World prices for essential oils are projected to continue growing driven by high demand for herbal medicines for pharmaceutical and cosmetic industrial use. And of recent, essential oils are demanded for aromatherapy purposes such as body massage in major health clubs.

E) GUM ARABIC (HS 130120)

Gum Arabica is grown in areas of Karamoja and is mainly for local consumption. The local market is built around the local uses of gum Arabic. In Karamoja, Gum Arabic is traditionally believed to have the following functional uses: Raises human immune level especially for pregnant women, helps digestion as a fiber, has supernatural powers to drive away evil spirits and white witches and used in the treatment of kidney failures. These beliefs form the basis of the growing demand and consequently gum Arabic is consumed locally although government initiatives to commercialize it for exports started in 2002.

Efforts towards domestication of gum Arabica and extensive commercialization will enhance export of this product. Improved world prices for gum Arabic present opportunities for exporters.

Market Size: The world demand for gum Arabic stood at US $278 million in 2006 and grew by 30% between 2002 – 2006. Traded volumes increased by 3% in the same period.

Major Markets: USA, France, Germany and United Kingdoms are the major importing countries. Statistics show there was a decline in traded volumes in major importing countries and this can be linked to a weak supply chain in exporting countries. Germany presents favourable market for gum Arabic due to high growth rates in value and quantity imported. The table below illustrates leading world importers of gum Arabic.

Gum Arabic market is dominated by exports and re-exports, just as imports are dominated by a small number of countries mainly from Europe. Demand is driven by industrial use such as the Pulp & paper industries (used in binding of books), food processors (used as an ingredient for making candies) and pharmaceutical industries (used for dyes). Despite the ever growing demand, quantities supplied remain a major constraint.

Market Access Requirements: There are no real barriers to markets for the gum arabic. In most countries, and particularly in Europe and North America, there is neither specific quota nor is import tax levied. Some countries ask only for the certificate of origin, others such as the U.S.A. ask also, for a certificate of fumigation in order to ascertain the phyto-sanitary security of the cargo and the gum arabic. On the contrary, the delivery of 'organic' gum Arabic must prove that it has not undergone fumigation or the use of methyl bromide, usually used in this process being strictly forbidden in the European Articles and Conditions controlled by ECOCERT.

World gum consumption is expected to continue growing especially for organic and fair traded gums.

2.0. IMPORTERS / BUYERS

HONEY	
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11. Interpolymer AG (Chem.- Techn. Produkte) Hertensteinstrasse 40 6004 Luzern Switzerland Phone : +41 41 410 71 01 Fax : +41 41 410 38 42 **http://www.interpolymer.ch** **13. Luzi AG** Industriestrasse 9 8305 Dietlikon Switzerland Phone : +41 44 835 76 76 Fax : +41 44 835 76 80 **http://www.luzi.ch**	**12. HJS Condiments Limited** Block 61,62 & 63 Biyagama Export Processing Zone Biyagama Sri Lanka Phone : +94 11 2465271 Fax : +94 11 2465720 **14. Produits Rosanic** 26, Chemin De la Madrague Ville 13015 MARSEILLE 15 France Phone : +33 4 91 84 59 18 Fax : +33 4 91 08 81 54
SHEABUTTER	
15. Angelica 6, Place de l'Eglise 28800 LE GAULT ST DENIS France Phone : +33 2 37 47 28 84 Fax : +33 2 37 47 60 92	**16. Touraco Sarl** ZAC de la Louvade 221, Rue des Aramons 34130 MAUGUIO France Phone : +33 4 67 12 12 41 Fax : +33 4 67 12 12 42
17. AarhusKarlshamn Denmark A/S M.P. Bruuns Gade 27 8000 Århus C Denmark Phone : +45 87 30 60 00 Fax : +45 87 30 60 12	**18. AarhusKarlshamn AB (publ)** Västra Kajen 37482 Karlshamn Sweden Phone : +46 454 820 00 Fax : +46 454 828 10
VANILLA	
19. Vanille et Produits (VANIPRO) ZI de la Sarrée Route de Gourdon 06620 LE BAR SUR LOUP France Phone : +33 4 97 05 22 90 Fax : +33 4 93 60 97 92	**20. Pronatec AG** Stegackerstrasse 6 8409 Winterthur Switzerland Phone : +41 52 234 09 09 Fax : +41 52 234 09 19
21. Ziołopex Sp. z o.o.	**22. Vanille et Produits (VANIPRO)**

Wykroty ul. Wyzwolenia 38 59-730 Nowogrodziec Poland Phone : +48 62 7521600 Fax : +48 62 7521610 .	ZI de la Sarrée Route de Gourdon 06620 LE BAR SUR LOUP France Phone : +33 4 97 05 22 90 Fax : +33 4 93 60 97 92
23. Samimex 29, rue du Portier Villa Bianca 98000 Monaco Monaco Phone : +377 93251313 Fax : +377 93500940	**24. CARLO SESSA, SpA** Via Venezia 39 20099 SESTO SAN GIOVANNI (MI) Italy Phone : Fax : +39 02 2428070

Data Source : *Kompass*

3.0 SUPPLIERS OF PROCESSING EQUIPMENT FOR NATURAL INGREDIENTS

Acufil Machines S. F. No. 120/2, Kalapatty Post Office Coimbatore - 641 035 Tamil Nadu India Tel: +91 422 2666108/2669909 Fax: +91 422 2666255 Email: acufilmachines@yahoo.co.in acufilmachines@hotmail.com http://www.indiamart.com	**Bombay Engineering Works** 1 Navyug Industrial Estate 185 Tokersey Jivraj Road Opposite Swan Mill, Sewree (W) Mumbai 400015 India Tel: +91 22 24137094/24135959 Fax: +91 22 24135828 bomeng@vsnl.com http://www.bombayengg.com/
Bry-Air China No 951-F Jian Chuan Road Minhang District Shanghai 200240 P R of China Tel: +86 21 51591555 Fax: +86 21 51591559 bryairc@online.sh.cn; bryair@vip.sina.com www.bryair.com.cn	**Bry-Air (Africa)** Lower Ground Floor Lakeside Place 1 Ernest oppenheimer Drive Bruma-2198, Bedfordview Johannesburg South Africa Tel: +27 11 6150458 Fax: +27 11 6166485 bryairafrica@telkomsa.net; bryairafrica@pahwa.com
Manufactures of stainless steel distillation equipment:	

ASL – Heavy Fabrication Division Mombassa Road PO Box 18639-00500 Nairobi. Kenya Tel: +254 20 821567/820296/820394 Fax: +254 20 820169/651893 murali@asl.ramco-group.com Attn: Mr Ve Balamurali, General Manager	**Warren Enterprises Ltd** PO Box 8251 Nairobi. Kenya Tel: +254 20 8561 932/3/4 Fax: +254 20 8561 013 Attn: Mr S Ramaswamy, Managing Director
ATICOM Lot IT 91A Itaosy 102 Antananarivo– Atsimondrano. Madagascar Tel: +261 32 07 744 34 morasatajosoa@yahoo.fr Attn: Josoa Andriamorasata	**EDESA** PO Box 123 Riebeek Kasteel 7306 Western Cape. South Africa Tel: +27 (82) 334 3324 info@edesa.co.za Attn: Werner Bester (Manufacture of distillation equipment and sales of used equipment)
Morris Steel & Company Mogadishu Road PO Box 18310 Nairobi. Kenya Tel: +254 20 533 627 Attn: General Manager	**Benco Plant & Engineering (PTY) Ltd** 159 Van Eeden Crescent, Rosslyn, Karin Park P O Box 59. Pretoria, Gauteng. South Africa Tel: +27 (12) 541-0398 Fax: +27 (12) 541-0399 Attn: Sloam Durbach Manufacturer of distillation equipment and steam boilers
Alvan Blanch Chelworth, Malmesbury Wiltshire SN16 9SG UK Tel: +44 1666 577333 Fax: +44 1666 577339 enquiries@alvanblanch.co.uk www.alvanblanch.co.uk	**Mitchell Dryers Ltd** Denton Holme, Carlisle Cumbria CA2 5DU UK Tel: +44 1228 534433 Fax: +44 1228 633555 webinfo@mitchell-dryers.co.uk http://www.mitchell-dryers.co.uk/
Suppliers of steam boilers	
Articom Lot IT 91A Itaosy 102 Antananarivo – Atsimondrano. Madagascar Tel: +261 32 07 744 34 morasatajosoa@yahoo.fr Attn: Josoa Andriamorasata Articom make a simple, low pressure, wood fired steam boiler.	**Boiler Consortium Africa (BCA) Ltd** PO Box 60780. Nairobi. Kenya Tel: +254 20 557837/ 536793/ 4349310 Tel: +254 722 750131/ 703511/ Fax: +254 20 735 331177 Barry Corlines info@boilersafrica.com www.boilersafrica.com

Combustion Technology South Africa PO Box 30047. Tokai, 7966 Cape Town, South Africa Tel: +27 21 715 3171 Fax: +27 21 715 6297 www.combustiontechnology.co.za	**Benco Plant & Engineering (PTY) Ltd** 159 Van Eeden Crescent, Rosslyn, Karin Park P O Box 59. Pretoria, Gauteng. South Africa Tel: +27 (12) 541-0398 Fax: +27 (12) 541-0399 Attn: Sloam Durbach Manufacturer of distillation equipment and steam boilers
Suppliers of materials - Essential oil drums:	
Greif Kenya Ltd Box9036 - Unga Street Shimanzi – Mombasa. Kenya Tel: +254 41 2495591 Fax: +254 41 2494038 pascal.wanyonyi@greif.co.ke Attn: Pascal Wanyonyi	**Greif Egypt** Cairo, Egypt Phone +20 2588 1110 Fax +20 2593 3889 E-mail: koracons@link.com.eg Attn: Ayman Korra
Greif South Africa Ltd Vanderbijlpark, South Africa Phone +27 (0) 16 930 1100 Fax +27 (0) 16 930 1106 robert.zimmerman@greif.com Attn: Rob Zimmerman	**Greif Algeria** Arzew, Algeria Phone + 213 41473723 / + 213 41473724 Fax + 213 41473730 Mohamed.Gherbi@Greif.com Attn: Mohamed Gherbi
Suppliers of Bee hives & Sericulture Equipment	
Chung Jin Biotech Co Ltd 202,HBI,Hanyang Univ. 1271,Sa3-dong Sangnok-gu,Ansan,Gyeonggi 426-825 Korea, Republic of (South Korea) Phone : +82 31 400 3707 Fax : +82 31 400 3709	**Prosep Filter Systems Ltd** Unit G19 River Bank Way, Lowfields Business Park Elland, West Yorkshire HX5 9DN United Kingdom Phone : +44 1422 377367 Fax : +44 1422 377369 FPS
Falcon Industries 2524, Lane-5 Janta Nagar, Gill Road Ludhiana - 141003, Punjab India Phone : +91 161 2490877 [more] Fax : +91 161 2503156	**Etablissements Jacques Vernet** MIN Bât J 135, Avenue Pierre Sémard 84000 AVIGNON France Phone : Fax : +33 4 90 87 78 34

Eaton Filtration GmbH Auf der Heide 2 53947 Nettersheim Germany Phone : +49 2486 8090400 Fax : +49 2486 809500	

Data Source : *Kompass*

4.0. ANNOUNCEMENTS.

BRANDING UGANDA VANILLA

The Ministry of Tourism, Trade and Industry (MTTI) with technical assistance from Light Years IP is developing an Intellectual Property strategy for Uganda vanilla with a purpose of increasing margins for farmers, processors and exporters. The process which aims at branding Uganda's vanilla on world markets as a distinctive brand of vanilla will be funded by the UK Department for International Development.

Light Years IP is an NGO based in US and has assisted several LDCs in developing IP strategies to promote particular products in export markets. The most recent one is the branding of Ethiopian coffee in Sturbuck Chain coffee stores in Europe and US.

For more information, contact MTTI, Department of External Trade.

41ST APIMONDIA CONGRESS, 14 – 19th September 2009

Apimondia is an annual international trade event for honey and other bee products. This year it will take place in Montpelier, France.
Event Activities: International Honey Exhibition, International Conferences on Bee Keeping and Honey Trade, Buyer-Sellers meetings (Matchmaking)

For details, log on: www.apimondia.com

For more Information on Natural ingredients sector profile, Sector strategies and other information regarding export procedures & documentation visit:
Biotrade Unit,
Uganda Export Promotion Board offices at
Conrad Plaza, 5th Floor
Entebbe Road
Tel: 0414 230250
Website: www.ugandaexportsonline.com/biotrade