



# Trade Opportunities for medicinal plants

Nicci Diederichs



# What is known about the medicinal plants trade?

## 1. Current domestic & international markets are large:

- 80% of worlds population uses medicinal plants
- 25% of prescribed drugs contain plant ingredients
- Global trade > USD 500 bln in 2000

## 2. Demand for medicinal plants to produce 3 kinds of product:

- Allopathic medicines
- Herbal remedies
- Crude traditional medicines

## Allopathic medicines

- Formally produced & recognised products, often a result of bioprospecting projects
- Phytomedicines, cosmeceuticals, nutraceuticals etc
- Traded on the formal market through established commercial enterprises (usually large)
- Source raw materials from farms / the wild (harvesters)
- Contribution to livelihoods?
  - Benefit sharing agreements
  - Sale of raw / semi-processed materials

## Herbal remedies

- No formal recognition of efficacy
- Herbal teas, creams, tinctures etc
- Traded in formal & informal markets through large & small enterprises
- Raw materials sourced from the wild & small farms
- Contribution to livelihoods?
  - Benefit sharing / returns to entrepreneurs
  - Sale of raw plant materials
  - Sale of products

## Crude traditional medicines

- Prepared & sold by traditional healers
- Raw plant materials, basic mixes & semi-processed products
- Traded in informal markets
- Raw materials sourced from the wild or home gardens
- Contribution to livelihoods?
  - Basic livelihood security
  - Primary health care services

# Trade & Commercialisation Opportunities

## *International Markets*

- Europe imports 132,000 T – 20% from Africa
- Asia: 700,000 T used in China (China & India ss)
- US imports 200,000 T - (China & India ss)
- Significant intra-Africa trade

*Southern African plants being exported:*

*Aloe ferox, Prunus africana, Cassia spp., Harpagophytum*

# Trade & Commercialisation Opportunities

## Crude Traditional Medicines

**Market in southern Africa is increasing -**

- **HIV/AIDS & increasing urbanisation**

**455,000 Traditional Healers in southern Africa**

**Estimated 50,000T / a consumed**

**Informal trade – seem to be opportunities for increasing trade & returns**

**Options may be limited because of certain constraints**

**Consumer preferences - little is known**

**An overwhelming majority of consumers would prefer more modern & hygienic packaging & that traditional medicines should be certified**

# Trade & Commercialisation Opportunities

## Herbal Remedies

Market is growing globally



Opportunities for product development, domestic trade & export

Few commercial companies have penetrated traditional healthcare market

- Consumer knowledge? IPR?

Market for African herbal preparations small, potential unknown

Demand for individual products known - broader market?

Market for African herbal products in Europe, local companies already trading raw / processed products into these countries

Quality & production standards for products exported to Europe are high

# Trade & Commercialisation Opportunities

## Allopathic Medicines

Bioprospecting e.g. Hoodia & Hypoxis; significant investment required for drug development

Large commercial companies likely to pursue business opportunities

Access & benefit sharing will become important means of securing economic & social benefits

International market for southern African plants underpinned bioprospecting & plant research

Market specific about products - processed form & chemical constituents of raw materials

Critical that the producer fully understands the specifications of the buyer before investing in the production system

# Market Opportunities for Plant Cultivation

Much of the potential for market growth in the medicinal plants sector is limited by supply constraints

These would be eliminated if the medicinal plants were successfully cultivated. Increased supply of rare plants that are in high demand would almost certainly bring about market growth

BUT increases in raw material supply can affect pricing and have a negative affect on the market as a result

An increased and more consistent supply of good quality plant material would allow more advanced processing to take place

# Other Opportunities for Trade

## Fair Trade

Aims to secure a better deal for producers by setting stable product prices that cover costs plus a premium

Promotes access to markets for producers marginalised by conventional trading structures

Many African producers & production systems face a range of logistical difficulties that can alienate them from sophisticated / high-volume markets

Limits opportunities for rural producers to engage markets in developed countries - products are priced incorrectly, product is not of adequate quality, or sufficient quantity cannot be produced

Fair Trade presents a real opportunity for linking rural production enterprises to sophisticated markets through trade and pricing agreements

BUT no standards for medicinal plant products

# Other Opportunities for the Trade

## Certification

Organic certification

Quality certification

Sustainable production / sourcing certification

Some of these require development of standards specific to medicinal plants industry & establishment of certification organisations

BUT production systems / certification procedures may be sophisticated – limited portion of the trade could engage

Presents a clear advantage for future trade into developed markets  
SO need to start thinking about which certification systems would work, where & how

# What to engage?

**Need to IMPLEMENT sustainable supply systems – for supporting commercialisation – Otherwise no development**

**Need to commercialise within the industry (create value adding) – for better economic returns and incentives for implementing sustainable supply systems (cultivation, sustainable harvesting) – BASIC NEEDS PRINCIPLE**

**Need to look to new certification, branding and trade systems to maximise the opportunities for producers – improved livelihood impacts**

**Need to tap into existing markets (e.g. US, EU) and promote intra-Africa trade, as well as overseas trade**

**Need to think laterally about how conservation areas can contribute to sustainable supply of medicinal plants**