naturalfutures
natural products=natural profits

Trade in natural products: Market Access

Adansonia digitata **Baobab**

Baobab has the potential to become a major regional export commodity. A sustainable potential supply of 700,000 mt of baobab fruit per annum could be sourced from the countries in the Southern African region.

Trade information

There is potential demand for baobab as industrial and specialized novel food, cosmetic and pharmaceutical ingredients. Focus markets include the European Union (EU), United States (US) Japan and South Africa (SA). Potential demand exists in all major and minor developed and developing economies.

Tariff analysis

Because international trade in Baobab has yet to be regularized there are no specific tariff codes in existence for the product but the following Harmonised System (HS) codes are considered best fit.

Key market access issues that need to be addressed

- Residual tariffs on baobab and its potential products in high value markets need to be negotiated away
- Tariff escalation still exists in some markets such as Japan
- Significant non-tariff barriers, such as food safety and novelty rules, need to be addressed
- Trade facilitation problems constrain regional and international trade in small quantities of products
- Complex and overlapping rules of origin may impact on development of baobab

Product	HS Code	Market
Fruit pulp - fresh	0810909590	For processing into pulp and seed extraction
Seed oil - crude	15159040	Cosmetic ingredient
Jam	20071091	Finished food
Fruit pulp - processed	20089293	For pulp processing as a food or pharmaceutical ingredient
Juice concentrate	20098039	Food or beverage ingredient
Liqueur	220890	Alcoholic beverage
Food supplement	29369019	Food fortifier
Skin cream	33049950	Personal care
Soap	340119	Personal care
Shampoo	34022090	Personal care
Excipient	unknown	Pharmaceutical ingredient

Tariff issues

- Baobab has no specific HS code, so volumes of trade are difficult to measure.
- Many countries in the region have preferential duty free market access to the EU and SA for baobab and its products.
- Namibia, Botswana and Zimbabwe have a residual duty of 9% on baobab fruit pulp to the EU.
- Some countries apply significant tariff escalation on baobab. For example Japanese tariffs on raw fruit pulp are 6%, 21.3% on cleaned and packed fruit pulp and 34% on jam.
- Favourable tariffs are mostly in the form of non-reciprocal preferences such as the US African Growth Opportunity Act (AGOA) and the Cotonou Agreement with the EU. These need to be locked-in to promote investment in the sector.
- The natural product sector can expect to find its margin of preference eroded in future trade negotiations and needs to develop its competitive edge accordingly.

Non-tariff issues

- Cumulation between African Caribbean and Pacific (ACP) members in different Economic Partnership Agreement (EPA) with the EU is a potential concern as it relates to rules of origin.
- If baobab is to be a major food ingredient export compliance with EU food standards and approval under the Novel Foods Directive will be necessary. This has implications for investment in capacity building in the region.
- Harmonisation of custom procedures in the region is essential to the promotion of free and intra regional trade in natural products.
- Baobab seed oil may have to be registered as Cosmetic ingredient as per the EU Cosmetic Directive: 76/768/CEE, 1976 and as an industrial chemical under the EU's registration, evaluation and authorisation of chemicals (REACH) Directive: EC No 1907/2006.
- Trade facilitation issues such as availability and cost of containers and transhipment difficulties could discourage investment in the sector.
- Weak domestic intellectual property management regimes threaten future access and benefit-sharing rights to products make from baobab.

For more information
kristy.faccer@iucn.org
+27 12 342- 8304

IUCN The World Conservation Union
PhytoTrade Africa
RTFP Regional Trade Facilitation Programme
DFID Department for International Development