

Trade in natural products: Market Access

Kigelia pinnata **Kigelia Africana**

There is limited trade in kigelia products at present, however significant potential exists in the food, cosmetics and pharmaceutical submarkets for this product. Four countries in Southern Africa (Zimbabwe, Mozambique, Tanzania and South Africa) alone could sustainably supply 551,867mt of kigelia fruit annually.

Trade information

There is potential demand for kigelia as a cosmetic, food and pharmaceutical ingredient. Potential and 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 kigelia is still minimal, it needs to be regularized at some point. There are no specific tariff codes in

existence for the product but the following Harmonised System (HS) codes are considered the best fit.

Key market access issues that need to be addressed

- Residual tariffs on kigelia and its potential products in high value markets need to be negotiated away
- Tariff peaks still exist in some markets such as Japan
- Significant non-tariff barriers, such as cosmetic regulations may limit potential export
- Documentation and customs clearance procedures for regional trade needs streamlining
- Transit and freight charges pose problems for lower volume natural products
- Market requirements for packaging and labelling must be complied with

| Product | HS Code | Market |
|-----------------------------|------------|---------------------------------------|
| Fresh, dried fruit and pulp | 0810, 0813 | Food ingredient |
| Seed oil | 121190 | Pharmaceutical or cosmetic ingredient |
| Seed oil | 15159040 | Cosmetic ingredient |
| Seed oil | 330190 | Pharmaceutical or cosmetic ingredient |
| Food supplement | 29369019 | Food fortifier |
| Body cream Body butter | 330499 | Personal care |
| Soap | 340120 | Personal care |

Sources: <http://export-help.cec.eu.int>; <http://www.usitc.gov>; <http://www.apectariff.org>; <http://www.macmap.org/SouthAfrica>

| Tariff issues | Non-tariff issues |
|--|---|
| <ul style="list-style-type: none"> ■ Kigelia has no specific HS code, so current volumes of trade are difficult to measure. ■ All countries in the region have preferential duty free market access to the EU and US markets for kigelia products and by products. ■ The product and its derivatives have duty free market access in the region. ■ The Japanese market shows a tariff peak of 10.40yen/kg for kigelia seed oil. ■ 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 will find its margin of preference eroded in future trade negotiations and needs to develop its competitive edge accordingly. | <ul style="list-style-type: none"> ■ Complex, overly protective and overlapping rules of origin could be a potential threat to market access and regional collaboration in trade of natural products. 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. ■ As the kigelia trade increases, compliance with technical requirements and standards for target markets will become critical. ■ Harmonisation of custom procedures in the region is essential to the promotion of free trade and intra regional trade in natural products. ■ Registration requirements for kigelia seed oil have to be met 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. ■ Intellectual property management regimes should be monitored to ensure appropriate access and benefit sharing rights for kigelia products. ■ Trade facilitation issues such as availability and cost of containers and transshipment difficulties could discourage investment in the sector. ■ Variations in value added tax (VAT) and slow tax rebates discourage regional collaboration for exports of kigelia. |

For more information

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