

SACU COSMETICS & ESSENTIAL OILS VALUE CHAIN POTENTIAL



12-13 APRIL 2022
INVESTMENT ROUNDTABLE



COSMETICS AND ESSENTIAL OILS VALUE CHAINS

Vision:

“To build a diversified, competitive, sustainable and equitable industrial base that supports structural transformation and the economic integration of the SACU region”

Mission:

1. Promote integrated and sustainable industrial growth of value-added manufacturing and increasing production in SACU Cosmetics and Essential Oils value chains.
2. Enhance continental and global competitiveness of the SACU Cosmetics and Essential Oils value chains.
3. Promote exports of the SACU Cosmetics and Essential Oils.

COSMETICS AND ESSENTIAL OILS VALUE CHAINS Cont...

Rationale:

- ❑ SACU Member States have abundant resources of land and both indigenous natural plants (Marula, Kalahari seeds, Baobab and many more) and organically cultivated plants, thus ensuring readily available inputs for production in cosmetics, food and health sectors.
- ❑ The COVID-19 pandemic has highlighted gaps and the region's overdependence on imports, while local production capacities to harness the opportunities to convert the resources into high end products remain low to negligible compared to global supply chains.
- ❑ Collective effort by the region to pool resources and develop capacity in cosmetics and essential oils industries would ensure self-sustained growth and resilience for the SACU region.
- ❑ Cross-border value chains within these sub-sectors can enhance economic development, diversification, industrialisation as well increased exports from SACU Member States.

OBJECTIVES OF THE SACU COSMETICS AND ESSENTIAL OILS VALUE CHAIN

1. To strengthen the performance of SACU producers of essential oils through coordination and alignment.
2. To increase biomass production (i.e. expand areas of cultivation / harvesting) and to increase the volumes of oils produced (efficiency in processing).
3. To enhance the quality of essential oils being produced (through interventions along the value chain).
4. To achieve geographical clustering of support.
5. To improve the image of the SACU essential oils industry in order to gain global market share.
6. Identification of potential investment and trade opportunities for cosmetics produced from the SACU region.
7. Harmonisation and development of SACU policy support measures including incentives and quality standards.

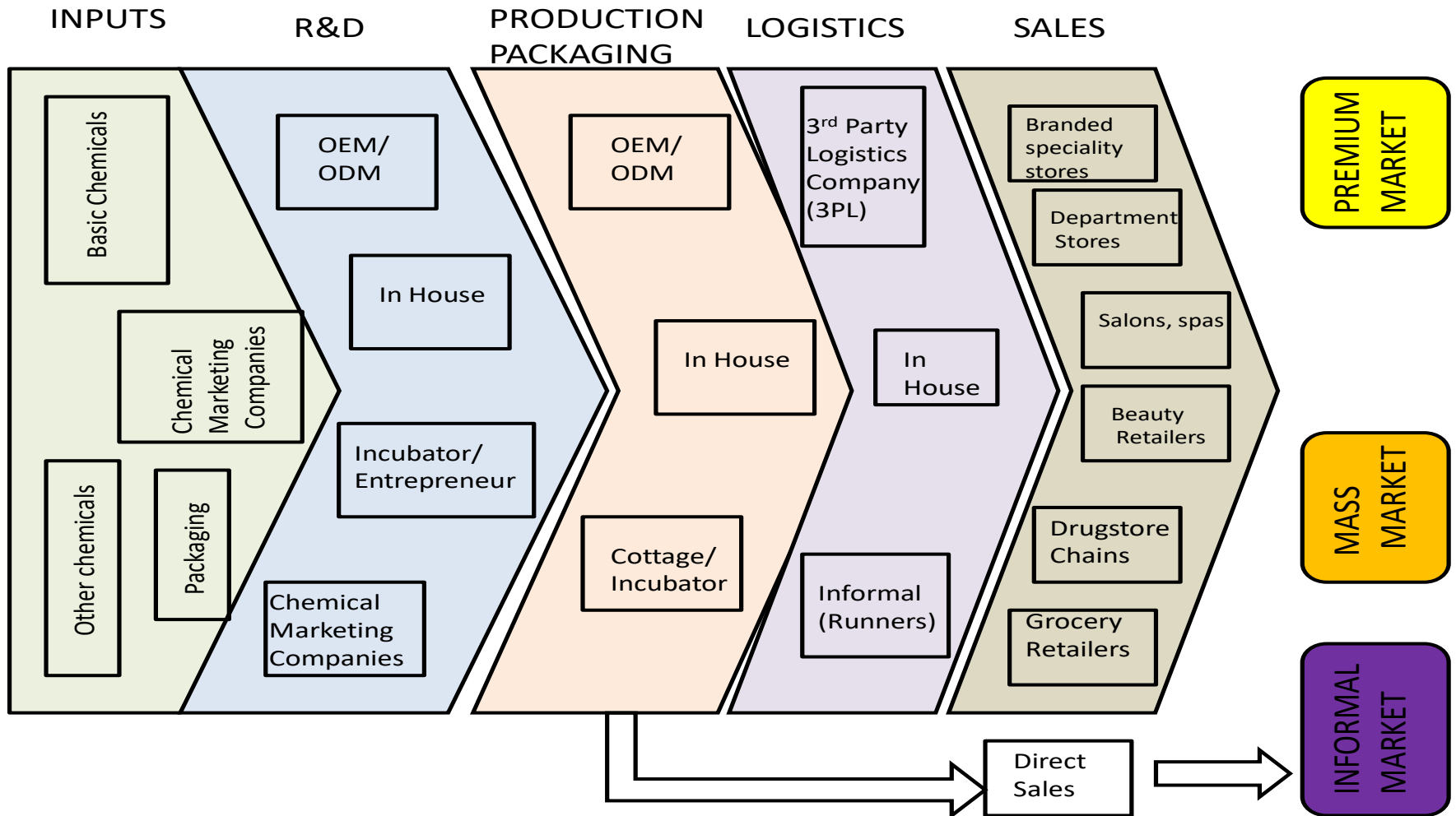
COSMETICS AND ESSENTIAL OILS VALUE CHAIN

(Segmentation)

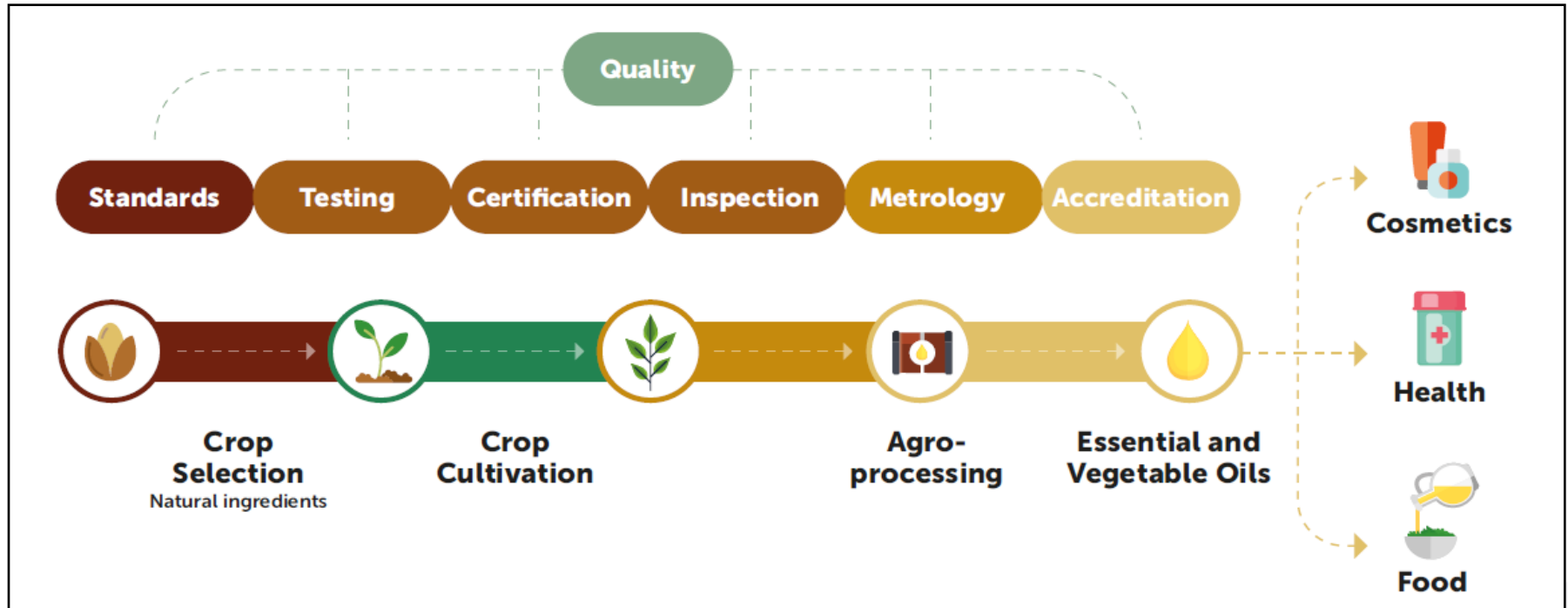
1. **Cosmetics segments:** Skincare, hair care, colour (make-up), fragrances and toiletries (often called personal care products).
2. **Essential oils** are distilled from the aromatic leaves, bark, and roots of plants (steam distillation).
3. **Carrier oils** are vegetable oils, such as coconut oil or avocado oil, that have been derived from the seeds, kernels, or nuts of a plant. These are key for diluting essential oils before they are applied to the skin (cold press/crushing the nut).
4. **Examples of different oils:**

Carrier Oils	Essential Oils
Marula Oil	Artemesia Oil
Baobab Oil	Eucalyptus Smithii
Rosehip Oil	Lippia Javanica
Kalahari Melon	Citrus Paradiso
Xemenia Oil	Citrus Limonum
Macademia Oil	Eucalyptus Radiata

COSMETICS VALUE CHAIN



ESSENTIAL OILS VALUE CHAIN



Source: UNIDO

- ❑ Essential oils value chain has high growth potential in SACU
- ❑ Opportunities for integration of smallholder farmers in the value chain
- ❑ Transformation of plants into manufactured products is associated with high value end-product
- ❑ Value added essential oils have much higher value in local and export markets than crude oils

VALUE ADD FROM CRUDE OIL TO RETAIL: MARULA OIL

Product	Quantity	US\$/Unit value	
	Bulk/Crude Marula oil	30ml -3.6 litre	US\$ 6.37 – US\$ 413.87 Negotiated/contract
	Value Added	30ml 473ml	US\$ 20.97 US\$ 25.39
	Beneficiated (Facial oil)	30ml	US\$ 68.00

Source: Amazon, 2021

OVERVIEW OF SECTORAL POLICY AND REGULATORY FRAMEWORKS IN SACU MS

	Botswana	Lesotho	Namibia	South Africa	Eswatini
Gov. Policies	Industrial Development Policy, Trade Policy, National Drug Policy	Industrial Policy, Industrial Licensing Act, NSDP 2	Industrial Policy, NDP, Harambee Plan	RIISP, NDP, Industry is self-regulated; Biodiversity, Access and Benefit Sharing (BABS) regulatory framework 2008, Nagoya Protocol	Industrial development policy
Industrial Strategy	EDD Strategy, <ul style="list-style-type: none"> Botswana Export Development Programme (BITC lead} 	National Export Strategy	Growth at Home Strategy, Sector Growth Strategies	Chemical Master Plan, Cosmetics Sector Strategy, Natural Ingredients Export Strategy	National Development Strategy
Supporting Legislation	Medicine and Related Substances Act; Industrial Development Act	Medicines Policy, Drugs of abuse Act etc.	Medicines and Related Substances Control Act	Designation, PPPFA, BEE, Bio-economy strategy, Regulations relating to the Labelling, Advertising and composition of Cosmetics; Foodstuffs, Cosmetics and Disinfectants Act, The Trade Metrology Act	None

COSMETICS AND ESSENTIAL OILS REGULATORY AND CERTIFICATION CAPABILITY IN SACU MS































	Botswana	Lesotho	Namibia	South Africa	Eswatini
Regulatory Authority	Yes	No	Yes	Yes	No
Testing Facilities	No	No	Yes	Yes	Yes
Certification Bodies	Yes	No	Yes	Yes	Yes; for oils and for Cosmetics , South African certification is used

COSMETICS PRODUCTION TRENDS IN THE SACU REGION

- **Botswana:**
 - Industry exists but not fully developed, lack of raw materials.
 - **Very limited manufacturing capabilities:** body creams, lotions, soaps, petroleum jelly and cosmetics.
 - **Available raw materials:** Kalahari Melon seed, Marula, Ximenia.
- **Eswatini:**
 - **Limited raw material production** but there is potential to develop manufacturing capacity.
 - **Main ingredients available (Marula and Ximenia),** but some ingredients imported from South Africa.
- **Lesotho:**
 - **Small scale production** with some having high potential to export. **High potential in body creams, lotions, glycerine, ointment, aloe jelly.**
 - Inputs sourced locally, while others are imported.
- **Namibia:**
 - **Capacity to produce creams, lotions, ointment, aloe jelly exists.**
 - Moderate developed industry with locally available inputs (natural ingredients) complemented by imported Active Ingredients.
- **South Africa:**
 - **Fully developed manufacturing capacity and capability** for creams, ointment, liquids, testing, R&D and Innovation, Supply Chain.
 - Mature and internationally competitive industry.
 - **Limited raw material production.**

SKIN CARE (LOTIONS)

REGIONAL PRODUCTION CAPABILITY AND CAPACITY

COUNTRIES	RAW MATERIALS PRODUCTION	RESEARCH AND DEVELOPMENT	PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						



Top producer in this segment

































Has production, but not a significant player






Negligible, no production or activity

- **Botswana** has the ability to produce but no inputs; minimal manufacturing capabilities.
- **Eswatini** has production of inputs i.e. Marula and its processing. However, there is limited knowledge of organic and natural farming practices. Lack of skills to operate and run the machinery.
- **Lesotho** has high potential.
- **Namibia** has the ability to produce with low technology.
- **South Africa** has capacity to produce skin care products; multinationals, contract manufacturers and local manufacturers operate under capacity; in house domestic manufacturers; MNC's operating manufacturing facilities in South Africa operate their own in-house transportation or own fleet vehicles for logistics. Some packaging is imported and some is sourced locally, there is potential to manufacture tubes, bottles, aerosols and other dispensing units and their associated packaging.

HAIR CARE (SHAMPOOS, CONDITIONER) REGIONAL PRODUCTION CAPABILITY AND CAPACITY































COUNTRIES	RAW MATERIALS PRODUCTION	RESEARCH AND DEVELOPMENT	PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						




 Top producer in this segment
  Has production, but not a significant player
  Negligible, no production or activity

- **Botswana** has low production and dependent on imported inputs; minimal manufacturing capabilities; under explored raw material inputs
- **Eswatini** is highly dependent on imported inputs for production and processing is currently conducted at small-scale
- **Lesotho** has limited production capacity
- **Namibia** and have limited production capability, dependence on imports for inputs
- **South Africa** has the capacity to produce hair relaxers, conditioners, shampoos for local consumption and for export markets; Ethnic hair care products are produced largely for the African market with natural ingredients being used in the products (e.g. Marula oil, Baobab, Moroccan oil)

TOILETRIES (SOAPS, TOOTHPASTES)

REGIONAL PRODUCTION CAPABILITY AND CAPACITY


























COUNTRIES	RAW MATERIALS PRODUCTION	RESEARCH AND DEVELOPMENT	PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						


 Top producer in this segment
  Has production, but not a significant player
  Negligible, no production or activity


- **Botswana** has the ability to produce soaps but dependent on imported inputs.
- **Eswatini** manufactures soaps only which are sold in local retail shops (multinationals and pharmacies) and also exported to other countries.
- **Lesotho** has potential to produce soaps.
- **Namibia** has low production levels for soaps and import dependent.
- **South Africa** manufactures bar soaps, liquid and powder soaps for the local and export markets. Full capacity production for some firms, but others running under capacity. Contract manufacturers produce for multinationals, brand owners, private labels and for SMMEs.


FRAGRANCES (PERFUMES, COLOGNE)

REGIONAL PRODUCTION CAPABILITY AND CAPACITY

COUNTRIES	RAW MATERIALS PRODUCTION	RESEARCH AND DEVELOPMENT	PRODUCTION	PACKAGING	LOGISTICS & SALES
Botswana					
Eswatini					
Lesotho					
Namibia					
South Africa					































 Top producer in this segment




 Has production, but not a significant player

 Negligible, no production or activity

- **Botswana** has capacity to produce fragrances with no R&D activities.
- **Eswatini** relies on imported inputs for producing perfumes/body sprays.
- **Lesotho** has no capacity to manufacture fragrances but products are sold on the market.
- **Namibia** has capacity and capability to produce raw materials for fragrances.
- **South Africa** has direct selling, departmental stores supermarkets and pharmacy stores; companies produce: aerosol deodorant, stick deodorant and roll on deodorants and local producers have spare capacity and capability to produce. The country produces fragrances and colognes for local and export markets.

COLOUR (MAKE-UP, LIPSTICK, FOUNDATION) REGIONAL PRODUCTION CAPABILITY AND CAPACITY

COUNTRIES	RAW MATERIALS PRODUCTION	RESEARCH AND DEVELOPMENT	PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						

 Top producer in this segment
  Has production, but not a significant player
  Negligible, no production or activity

- **Botswana** has no capability, no inputs.
- **Eswatini** has capability to produce lip-balms however poor research and development impinges good market access.
- **Lesotho's** industry is still in Infancy stage with limited capacity.
- **Namibia** has raw material and sales capacities, but not significant.
- **South Africa's** most multinationals import colour cosmetics. These products are sold in grocery stores and also in non-grocery stores. Manufacturing capabilities exist in South Africa through in house and multinationals.

ESSENTIAL OILS: GLOBAL SYNOPSIS/OVERVIEW

- Essential oils are high value products sold predominantly to the international fragrance, cosmetic, flavour and aromatherapy markets.
- Brazil, China, the USA, Egypt, India, Mexico, Guatemala, Morocco and Indonesia are the major producers of essential oils, **SACU** has potential to compete with these countries.
- The EU dominates world trade but no single state in the EU is a major producer.
- About 65% of world production comes from **developing countries**.
- There are approximately **160 essential oils** traded globally.
- The top 10 oils (Citrus, Peppermint, Eucalyptus, Tea tree, Rosemary, Lavender oil, Bergamot, Chamomile, Jasmine, Ylang Ylang) make up some **80% of world trade**.
- Recent studies have suggested that the value of the global essential oil market is set to reach **USD 27 billion by 2022** (*Statistica, 2021*).
- Expected growth primarily based on growing consumer awareness regarding health benefits associated with natural and organic ingredients in personal care, beverages and household products.
- **Use of essential oils by sectors:** soaps and detergents consumed 34%; cosmetics and toiletries 25%; fine fragrances 21%; household products 15% and food and beverages consume 5% (2018, *SAEOPA*).

SACU ESSENTIAL OILS GEOGRAPHIC SPREAD BY MS

Natural products for Pharmaceutical and cosmetics	Existing and potential products to be developed	South Africa	Lesotho	Botswana	Namibia	Eswatini
Growing markets in all forms	Cannabis	✓	✓	✓	✓	✓
Used for COVID-19 as health tea and oil	Artemisia (Lenyana) Moringa	✓	✓	✓		✓
Lotions, Hair and lip treatments	Marula, Manketti, Ximenia	✓		✓	✓	✓
Lotions, shampoos and capsules	Manketti, Ximenia	✓		✓	✓	
Lotions, shampoos and capsules	Rosehip	✓	✓			
Lotions, powders and capsules	Aloe ferox, Aloe vera (cultivated)	✓	✓	✓	✓	✓
Dried as tea and oil as insecticide and fungicide	Lippia (uMsuswane) Devil's Claw	✓	✓	✓	✓	✓
Oil in sunscreens, soaps, shampoo and lotions	Kalahari melon, !Nara	✓	✓	✓	✓	
Lotions and shampoo	Baobab, Myrathamnus	✓			✓	
Perfumes, cosmetics, soaps and other products, for flavouring food and drink, and for adding scents to incense and household cleaning products	Eucalyptus, Commiphora (Namibian Myrhh), Mopane	✓			✓	✓

ESSENTIAL OILS PRODUCTION TRENDS WITHIN SACU REGION

- **Botswana:**
 - Overall industry not yet fully developed. Raw materials are available but under-researched; under-developed, with limited processing.
 - However, there is an existing industry that processes Marula, but still at small scale.
- **Eswatini:**
 - Inputs are available locally and further processing done locally.
 - Raw material for Marula, Ximenia, Eucalyptus and avocado production is available and opportunity to increase its manufacturing capacity.
- **Lesotho:**
 - Small scale industries with some having high potential to export.
 - Inputs sourced locally with some imported. Rosehip, lanolin, aloe / agave, hemp.
- **Namibia:**
 - Developing industry with locally available inputs mainly for export. Namibia produces some Commiphora and Mopane essential oil, both as ingredient into cosmetics made in Namibia, and for export.
 - **Local availability of essential oils currently mainly for export** (Nara seeds oil, Devil's claw, Marula oil, Manketti (wild oak) oil, Ximenia (wild plum) oil, Commiphora or Namibian myrrh essential oil, Mopane essential oil, Baobab seeds oil and powder, Kalahari melon seeds oil. Sea salt. Moringa oleifera powder, Ochre, Talc).
- **South Africa:**
 - Fragmented value chain with high potential due to existing technical capabilities and land availability.
 - R&D and Innovation; Servicing and Technical Support; Supply Chain; processing and extraction of oil.
 - A significant number of commercial distillation plant facilities operating.

MARULA (Manketti, Ximenia) OILS REGIONAL PRODUCTION CAPABILITY AND CAPACITY

COUNTRIES	CULTIVATION AND HARVESTING	RESEARCH AND DEVELOPMENT	PROCESSING/ PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						

Top producer in this segment
 Has production, but not a significant player
 Negligible, no production or activity
 Not indigenous, no interest

- **Botswana:** Only 2 facilities are processing, exporting and adding value to Marula as jam and snacks; about 2000 tons are used with an estimated 2 million tons available.
- **Eswatini:** Only one facility that produces Carrier oils (Marula, 10 tonnes and Ximenia oils 2 tonnes) and products are sold locally and excess exported.
- **Namibia:** Marula annual oil production - 20 tons in 2021 vs 12 tons in 2016 with room for augmentation in line with demand. Export sales for Marula Oil increased by 188%, from 3 419 kg annually in 2009 to 9 880 kg in 2014. 80% of Marula Oil production is exported for skin care products.
- **South Africa:** has harvesting technique capabilities, with tons of oils value added locally and some exported

EUCALYPTUS OILS

REGIONAL PRODUCTION CAPABILITY AND CAPACITY































COUNTRIES	CULTIVATION AND HARVESTING	RESEARCH AND DEVELOPMENT	PROCESSING/ PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						





Top producer in this segment
 Has production, but not a significant player
 Negligible, no production or activity
 Not indigenous, no interest

- **Botswana:** has capability to cultivate, harvest and sell the oils on the market
- **Eswatini:** has the capacity to cultivate, harvest and extract the oil
- **Lesotho:** plant not indigenous to the country, possible future interest
- **Namibia:** plant not indigenous to the country, possible future interest
- **South Africa:** has the capacity to cultivate, harvest and extract the oil

BAOBAB OILS

REGIONAL PRODUCTION CAPABILITY AND CAPACITY































Countries	CULTIVATION AND HARVESTING	RESEARCH AND DEVELOPMENT	PROCESSING/ PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						




 Top producer in this segment
  Has production, but not a significant player
  Negligible, no production or activity
  Not indigenous, no interest

- **Botswana:** has capacity to harvest, process, package and sell baobab oils; but the country is not a significant player in the value chain.
- **Eswatini:** plant is not indigenous to the country
- **Lesotho:** plant is not indigenous to the country
- **Namibia:** has capacity to harvest, process and distribute the baobab oils both for local and export markets.
- **South Africa:** has techniques to harvest, research and process baobab oils. The country also uses oils and powder in different products.

ROSEHIP OILS

REGIONAL PRODUCTION CAPABILITY AND CAPACITY

COUNTRIES	CULTIVATION AND HARVESTING	RESEARCH AND DEVELOPMENT	PROCESSING/ PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						

 Top producer in this segment
  Has production, but not a significant player
  Negligible, no production or activity
  Not indigenous, no interest

- **Botswana:** no production or cultivation activities at the moment in the country.
- **Eswatini:** has capacity to cultivate, harvest and process the oil.
- **Lesotho:** top players in the value chain through cultivating, processing, packaging and selling the oils to local and international markets.
- **Namibia:** plant is not indigenous to the country, less interest at the moment
- **South Africa:** top players in the value chain. Both are cultivating, processing, packaging and selling the oils to local and international markets.

ARTEMESIA OILS

REGIONAL PRODUCTION CAPABILITY AND CAPACITY

COUNTRIES	CULTIVATION AND HARVESTING	RESEARCH AND DEVELOPMENT	PROCESSING/ PRODUCTION	PACKAGING	LOGISTICS	SALES
Botswana						
Eswatini						
Lesotho						
Namibia						
South Africa						

Top producer in this segment
 Has production, but not a significant player
 Negligible, no production or activity
 Not indigenous, no interest

- **Botswana:** cultivating, harvesting and selling only at the moment.
- **Eswatini:** cultivating, harvesting, processing and sales but not significant players.
- **Lesotho:** significant players in the value chain, opportunity to strengthen the R&D phase.
- **Namibia:** not indigenous.
- **South Africa:** significant players in the value chain, both in the formal and informal markets.

SACU exports of essential oils and resinoids; perfumery, cosmetic or toilet preparations (HS 33) to rest of Africa and World

Unit : South African Rand thousand

Product code	Product label	Southern African Customs Union (SACU)'s exports to Africa (excl. SACU)					Southern African Customs Union (SACU)'s exports to world				
		Value in 2017	Value in 2018	Value in 2019	5 Yr Ave	Value in 2020	Value in 2017	Value in 2018	Value in 2019	5 Yr Ave	Value in 2020
	Total	5 487 274	5 824 780	6 101 967	5 522 361	2 975 976	16 071 949	16 450 539	17 556 291	15 889 435	9 212 113
'330210	Mixtures of odoriferous substances	3 444 028	3 673 101	4 082 500	3 440 999	655 538	9 145 857	8 949 757	10 130 536	8 803 232	953 927
'330499	Beauty or make-up preparations	765 280	887 232	859 032	792 835	1 072 179	3 000 078	3 453 279	3 471 687	3 129 262	4 156 404
'330720	Personal deodorants and antiperspirants	271 758	275 290	219 900	244 841	209 029	806 801	818 755	795 225	804 844	744 257
'330590	Hair care	197 617	228 445	217 752	217 552	253 923	440 146	471 377	479 239	464 160	533 506
'330290	Mixtures of odoriferous substances	52 230	83 024	136 711	72 738	144 322	69 951	99 286	155 603	91 802	169 572
'330610	Dentifrices and dental products	146 076	146 327	125 382	178 481	140 019	296 583	328 735	310 804	360 126	358 015
'330520	Preparations for hair straightening	158 183	137 242	120 486	149 504	97 106	281 656	262 086	248 336	267 993	199 973
'330790	Depilatories and perfumery	33 755	57 772	78 301	55 594	88 244	118 857	139 219	178 769	137 972	174 199
'330690	Oral or dental hygiene (denture fixative pastes and powders)	80 341	85 658	54 702	78 829	49 061	184 857	182 286	182 826	185 764	181 526
'330710	Shaving preparations and aftershave	39 164	34 916	33 037	36 598	17 367	120 879	93 822	73 075	96 043	59 397

Opportunities based on trade data:

- Odoriferous solutions, Beauty preparations, Deodorants, haircare products
- Covid-19 related trade impacted various products

Notes: 5 Yr Ave. from 2015 to 2019

SACU exports of soaps, organic surface-active agents, washing preparations, lubricating preparations etc. (HS 34) to rest of Africa & World

Unit : South African Rand thousand

Product code	Product label	Southern African Customs Union (SACU)'s exports to Africa (excl. SACU)					Southern African Customs Union (SACU)'s exports to world				
		Value in 2017	Value in 2018	Value in 2019	5 Yr Ave.	Value in 2020	Value in 2017	Value in 2018	Value in 2019	5 Yr Ave.	Value in 2020
	Total	2 506 971	2 720 095	2 745 103	2 600 174	3 182 822	4 488 983	4 805 697	4 975 162	4 597 008	5 554 693
'340220	Washing preparations	638 280	817 018	874 753	719 286	1 111 936	1 073 890	1 317 755	1 424 599	1 142 089	1 640 880
'340111	Soap (form of bars, cakes, moulded)	451 187	528 097	456 522	470 289	465 966	628 182	707 039	644 904	637 195	648 211
'340290	Washing preparations, incl. auxiliary washing preparations	469 746	432 405	430 844	410 171	454 942	776 109	808 709	906 274	758 237	1 045 900
'340120	Soap (flakes, granules, powder, paste or in aqueous solution)	376 514	416 036	380 098	344 827	394 875	768 233	830 539	739 614	762 320	730 323
'340119	Soap (form of bars, cakes, moulded)	330 774	288 288	349 197	383 665	353 192	632 387	538 696	651 643	652 115	681 523
'340219	Organic surface-active agents for retail sale	186 282	179 571	205 022	217 309	291 882	437 112	414 920	409 311	439 827	502 320
'340130	Preparations for washing the skin (liquid) ...	54 188	58 680	48 667	54 628	110 029	173 070	188 039	198 817	205 224	305 536

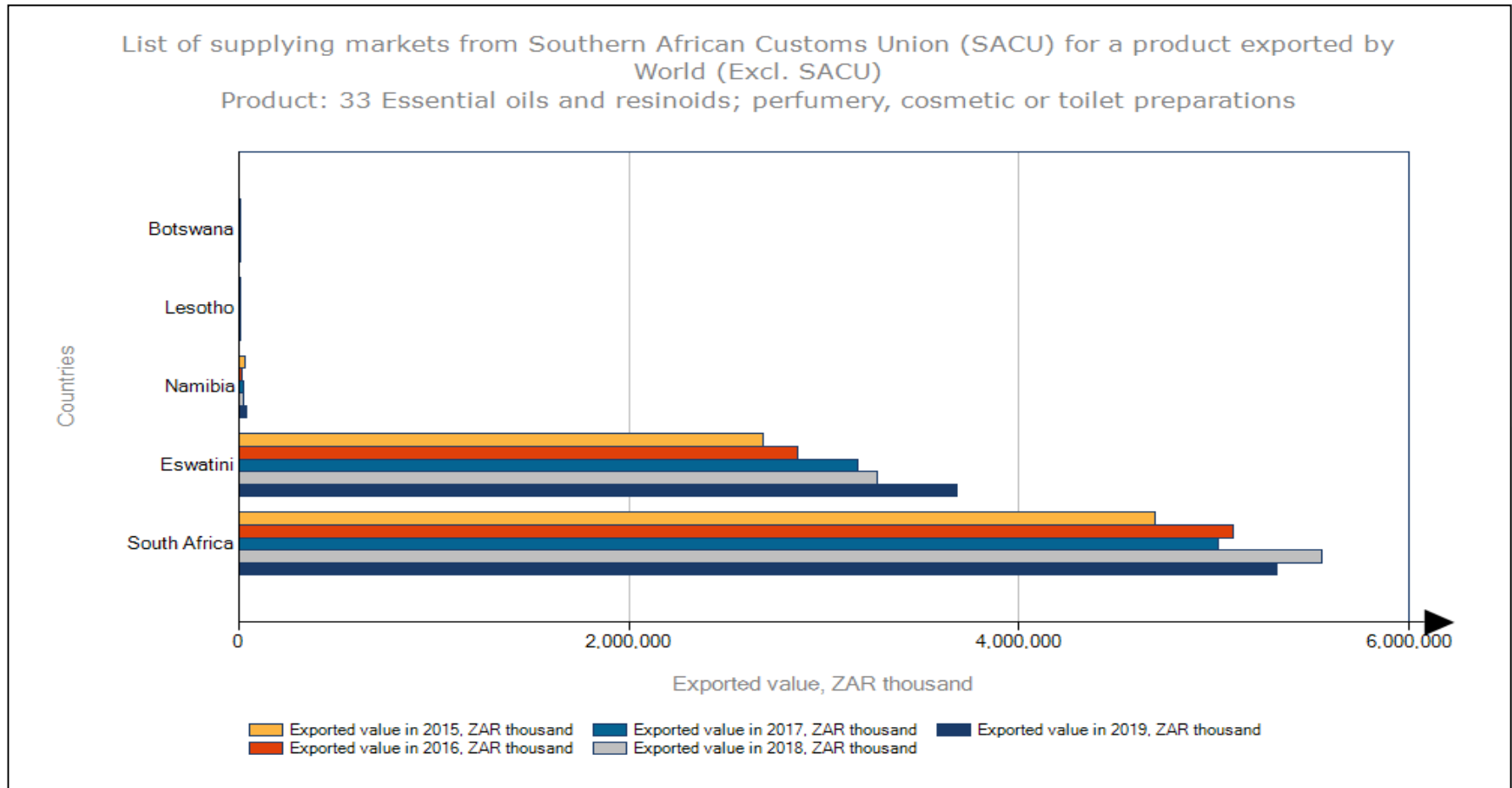
Opportunities based on trade data:

- Surface preparations, Soaps
- Covid 19 related trade impacted various products

Notes: 5 Yr Ave. from 2015 to 2019

TRADE BY SACU MEMBER STATES WITH THE WORLD

- Trade within SACU is skewed towards South Africa; Eswatini significant exporter of HS 330499,330720, 330590, 330610



Key importing countries in the rest of Africa (excl. SACU): Essential Oils, Perfumes and Toilet Preparations

List of importers for the selected product

Unit : South African Rand thousand

Product: 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations

Importers	Imported value in 2017	Imported value in 2018	Imported value in 2019	5 Yr Ave.	Imported value in 2020	%Trade
World	1 704 598 579	1 903 133 806	2 154 352 170	1 772 325 086		
Africa (excl. SACU) Aggregation	37 149 868	42 580 982	49 634 089	41 621 583	17 126 480	2%
Algeria	3 624 934	4 392 122	5 747 510	4 565 784		12%
Morocco	4 393 752	4 701 463	5 247 834	4 440 338	5 919 609	11%
Egypt	3 798 749	4 232 390	4 967 166	4 322 985		10%
Nigeria	3 959 726	3 653 484	4 628 635	4 681 873	9 231 983	9%
Libya, State of		2 416 266	3 231 474	2 652 742		7%
Tunisia	1 990 686	2 104 951	2 345 768	2 076 585		5%
Kenya	1 858 272	2 081 265	2 099 624	1 937 328		4%
Tanzania, United Republic of	1 199 092	1 223 143	1 848 140	1 303 872		4%
Ethiopia	1 123 752	1 099 354	1 596 815	1 198 109		3%
Côte d'Ivoire	1 418 978	1 425 995	1 568 339	1 386 481		3%

- **Key importing countries in Africa (excl. SACU) include:**
 - ✓ North African Countries (incl. Libya); Nigeria; Kenya; Tanzania and others
- In 2019, Africa makes up 2% global trade, Top 10 makes up 67% import

Key importing countries in the rest of Africa (excl. SACU): Soap, Organic Surface-active Agents, Washing Preparations, Lubricating Preparations

List of importers for the selected product						
Unit : South African Rand thousand		Product: 34 Soap, organic surface-active agents, washing preparations, lubricating				
Importers	Imported value in 2017	Imported value in 2018	Imported value in 2019	5 Yr Ave.	Imported value in 2020	%Trade
World	794 599 886	851 034 012	919 863 285	814 545 186		
Africa (excl. SACU) Aggregation	28 568 694	31 105 217	33 088 594	29 735 922	6 411 512	4%
Egypt	3 292 417	4 408 725	4 150 074	3 943 217		14%
Algeria	3 009 350	2 558 528	2 986 846	2 869 504		8%
Morocco	2 256 950	2 399 756	2 697 836	2 231 885	3 412 049	8%
Angola	2 518 344	1 926 496	1 951 511	1 861 769		6%
Libya, State of		1 225 407	1 761 989	1 347 489		4%
Congo, Democratic Republic of the	1 235 371	1 456 106	1 496 837	1 337 477		5%
Tanzania, United Republic of	701 846	700 759	1 395 025	831 335		2%
Tunisia	1 159 340	1 293 727	1 301 469	1 257 739		4%
Kenya	1 042 013	970 088	1 036 808	1 011 059		3%
Djibouti	732 099	724 893	1 032 261	772 331		2%

- Key importing countries in Africa (excl. SACU) include:
 - North Africa Countries (Incl. Libya); DRC; Tanzania; Kenya
- In 2019, Africa makes up 4% of global imports
- Top 10 countries make up 57% of imports

SACU COSMETICS AND ESSENTIAL OILS VALUE CHAIN OPPORTUNITIES

Opportunities within SACU

Rosehip, Eucalyptus, Marula, Baobab (Essential Oils)	<ul style="list-style-type: none"> • Explore production and beneficiation of these oils for input into pharmaceutical, cosmetic and food industry <ul style="list-style-type: none"> - Increase availability of Supply of the oils in a sustainable way, - Competitive pricing to allow beneficiation of the oils in the region - Developing and production of raw materials
Regulatory harmonisation	<ul style="list-style-type: none"> • Initiate a SACU task team led by Standard bodies, Industry and Government to develop and harmonize standards for essential oils and Cosmetics products • Supporting local manufacturing of Cosmetics products through legislation and funding.
Testing services	<ul style="list-style-type: none"> • Explore testing gaps (facilities, skills and standards) for essential oils and Cosmetics products within SACU; Improve access and stream line testing and certification of cosmetics products.
Regional development and manufacture	<ul style="list-style-type: none"> • Potential to scale up Soaps, Lotions, perfumes, fragrances, haircare and lip care within SACU region; Adopt new production technologies and increased usage of natural ingredients/essential oils in cosmetics products
Incubation	<ul style="list-style-type: none"> • Physical and virtual incubation facilities within SACU MS to provide SMMEs with technical and financial assistance: R&D, product development, testing, market access, exports
Market Access AfCFTA; AGOA etc	<ul style="list-style-type: none"> • Market Intelligence systems in place for SACU Member States. Establishments of Export Councils in other MS; knowledge of the quality requirements of the exporting country • Opportunity to scale up production and work collectively for the export market.
Logistics	<ul style="list-style-type: none"> • Documentation and certification requirements reduced and harmonised
Funding	<ul style="list-style-type: none"> • Cross border funding using microfinancing and Fintech; partnerships with alternate funding providers with footprint in Africa.
Access to Information	<ul style="list-style-type: none"> • Initiate a portal that will enable producers to share their products and improve access to markets. Member states can establish one-stop shops to enable improved SME participation in business activities. SACU product branding.

CROSS-CUTTING STRATEGIC RECOMMENDATIONS FOR THE DEVELOPMENT OF THE COSMETICS AND ESSENTIAL OILS VALUE CHAINS IN THE REGION

Industry-related

- ❑ Harmonization of regulatory standards, product specification and labelling.
- ❑ Digitalization of finance, improve access to finance for SMME's across SACU.
- ❑ ICT and the use of E-commerce can boost sales for both cosmetics and essential oil products
- ❑ Skills development and capacity building initiatives in regulatory and manufacturing areas.
- ❑ Identification and reduction of non - tariff barriers.
- ❑ Coordinated support to grow exports for the sectors
- ❑ Innovation for multi functional products ; e.g. face wash which can be used as a mask; or all in one shampoo and conditioner
- ❑ R&D in the region needs to be improved and product testing labs to improve competitiveness.

Policy-related enablers

- ❑ Legislation on Preferential Procurement in SACU to support localisation of manufacturing.
- ❑ Export quota policies for un-beneficiated inputs/crude materials to support local value addition and upgrading value chains (Essential Oils)
- ❑ Legislations can be used and harmonised to allow for value chains development in areas where there may be prohibitions.

Regulatory enablers

- ❑ Improve access and streamline testing and certification of cosmetics products and essential oils.
- ❑ Harmonise cosmetics products and essential oils standards in SACU

Inputs and raw materials

- ❑ Need for research into optimising production, quality control along the value chain, identifying and developing market opportunities
- ❑ Specialty packaging material
- ❑ Need to significantly upscale primary production to develop market presence for SACU oils.
- ❑ Increase investment in carrier oils production

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CONCLUSION

- ❑ SACU has >3000 plant species; Essential oils are used in a wide range of industries.
- ❑ The share of essential oils used in cosmetics is growing, compared to food use.
- ❑ Cosmetic manufacturers increasingly use essential oils instead of mineral oils in their products.
- ❑ Southern African countries make up a small share of global supplies (1-2%), and thus the importance of increasing value addition activities within the subsector in order to increase the share of global supplies.
- ❑ Improved linkages within the cosmetics and essential oils sectors in the regional value chain will help improve livelihoods of communities in the region as well as contribute to economic growth within the Member States.

THANK YOU



Pr... erere & Feld...