

TRADE AND

DISTRIBUTION CHANNELS

Medicinal plants are handled by specialized traders around the world who act as both importers and distributors in some cases occasionally stockists. The traders many also engage in primary processing such as fumigation, cleaning, cutting and grinding. In Europe a series of broaker and agents often act between the traders and the end users. In Japan Trading Companies usually sell direct to the end users.

In North America the manufacturers of the intermediates or extracts often import direct and then sell direct to the end user. It has been found that the trend is to import the derivatives extracts or intermediates. Usually from Germany, Switzherland, the trend in importing such products in the form of liquorice extract, quinine, crude papin etc. are being important from developing countries is increasing.

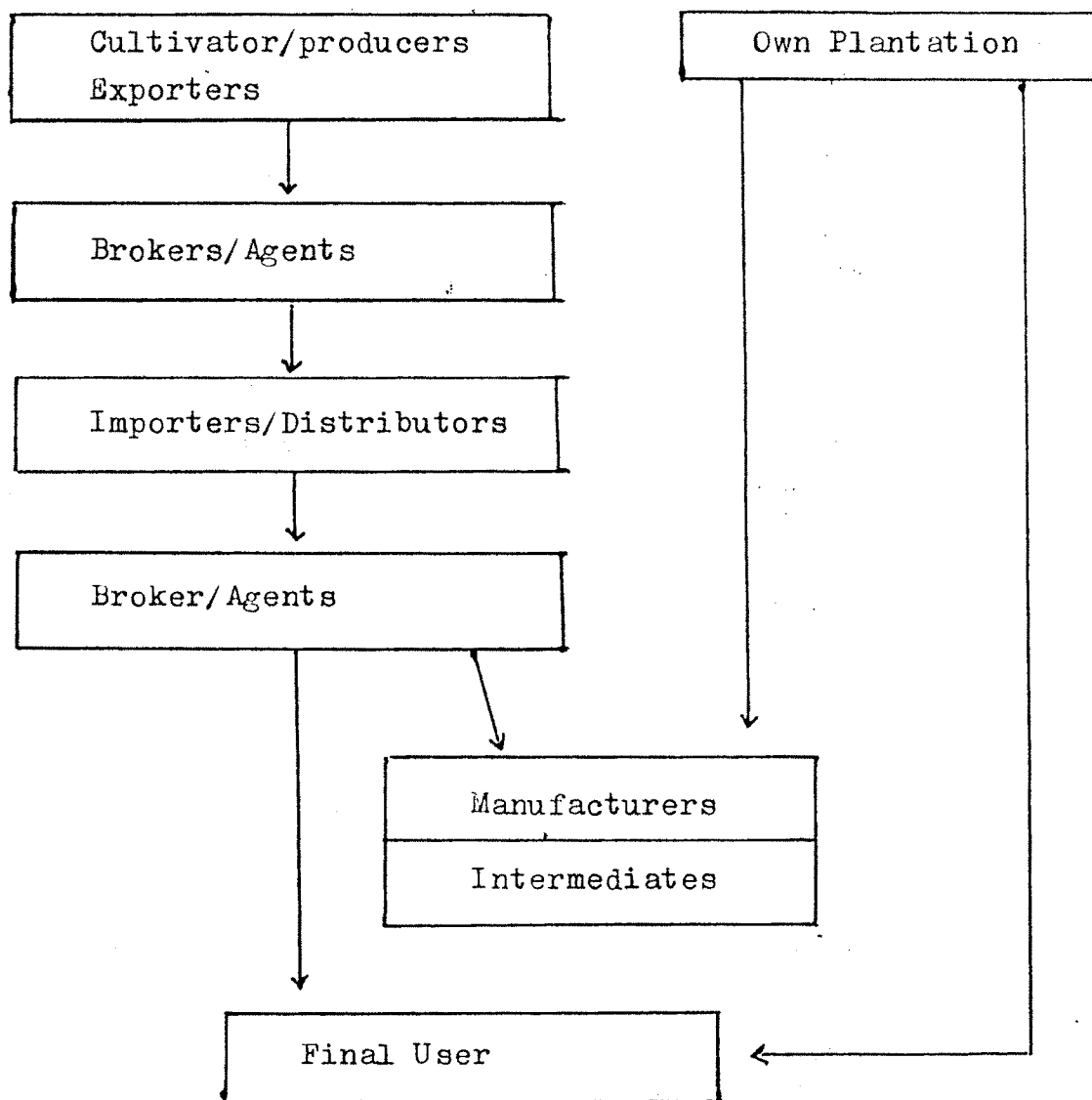
The trade has been set up to serve two types of buyer. The first group consist of those companies that sell finished products to the food pharmaceutical and cosmetic industries they purchase the raw material and process the plant themselves. The second group consist of the companies that purchase plant material to produce intermediates for sale to end user.

Companies requiring large volume of plant material often by-pass the trade and import direct from the supplier the suppliers set up joint venture in the countries growing the plant to ensure regular supply of the plant material.

Companies that require small volumes usually purchase from traders, brokers or agents. Most buyers do not require a sufficient volume to warrant direct imports and unless they have known a particular supplier for long time they will not be prepared to take the risk. Many traders have insufficient cash flow to carry stocks. In general many traders purchase against fixed orders from major stockists for example traders in Hamburg, Germany practice this way.

The main trades of medicinal plants have all been seeking new markets for other co-uses. Hence botanical products are used in the food pharmaceutical and cosmetic industries with pharmaceuticals only accounting for around 20-25% of the market.

The following chart summarizes the most common trade and distribution channel.



(Trade and distribution channels)

The main trading centres of medicinal plants in the world are Hamburg in Germany, New York in USA and Osaka in Japan. Hongkong is the main trading centre for chinese medicinal plants and Ginseng minor trading centres are found in Paris and Marseilles. In France in the Basel and St.Gallen areas of Switzerland, London in Great Britain and Amsterdam in the Netherland. European importers and traders rely mostly on four to five major traders and stockists in Germany. The major United States extractors/traders also import extracts and derivatives from Germany while the main extractors in Germany have opened their own sales companies for these products in the USA which is the worlds largest market.