



D'ORIGEN Traducciones e Interpretaciones

Calle Ortega y Gasset 379 - Lima 34, Perú

Telefax : 271-6767 // Celular: 999027371

e-mail: deorigentraduccion@yahoo.com

Website: www.deorigentraduccion.com

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SUMMARY REPORT

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DE ORIGEN TRADUCCIONES SAC TEAM

Inés Florián Alva

Mariajosé Bastianelli Mucchi

Inter-Regional BioTrade Workshop
Capacity Building for BioTrade Project

MINCETUR – GTZ – UNEP-UNCTAD CBTF

Lima, Peru
20-21 September 2010

SUMMARY REPORT
Inter-Regional Workshop on BioTrade
Capacity Building for BioTrade (CBBT) Project
MINCETUR – GTZ – UNEP-UNCTAD CBTF
Lima, Peru
20-21 September 2010

Session 1

Monday, September 20

Bridging the Gap on BioTrade: Enhancing Synergies between Development Assistance and National Priorities

Opening Session

The first event “Bridging the Gap on BioTrade: Enhancing Synergies between Development Assistance and National Priorities” took place on September 20, 2010 at the Sonesta Hotel in Lima, Peru. Its purpose was to bring together policymakers and donors to identify synergies, challenges and opportunities of joint collaboration on BioTrade in Peru.

Official Opening of the Meeting

The Minister of Foreign Trade and Tourism Eduardo Ferreyros thanked the organizers for inviting him to the event and welcomed everyone on behalf of the Ministry. He continued by mentioning that Peru is a biologically diverse country with 84 microclimates and is a significant exporter of organic matter, cacao and widely implements organic production systems for maca, yacon, camu-camu, sachu inchi, and Andean grains such as quinoa and kiwicha, among others. He emphasized the importance of biodiverse products, as Peru has exported US\$ 225 million in organic products to target markets such as the United States of America, Germany, Japan, Spain and China. He explained that the Ministry’s goal is to support continued growth and send a clear message to encourage exporting companies to bet on BioTrade and its real benefits, such as: economic growth, poverty mitigation, sustainability, generation of employment, etc. He also mentioned that biodiversity has significant value and its conservation is very important in order to guarantee welfare and mitigate poverty.

Adoption of Agenda

The meeting adopted the pre-established agenda.

Welcome Speech

Capacity Building Task Force (CBTF) Coordinator, Mr. Asad Naqvi thanked the organizers in Peru for making the event possible and welcomed the participants.

Part 1: National Priorities

First Presentation

Peru's National Biodiversity Strategy: Policies and Priorities

Miriam Cerdán, Director General of Biological Diversity, Ministry of Environment (MINAM)

Miriam Cerdán began her presentation by noting that Peru is a mega diverse country with a vast natural and cultural heritage. Likewise, she mentioned that 10 years earlier Peru had approved the National Biodiversity Strategy aimed at transforming Peru into a country capable of sustainably meeting the major objectives related to sustaining biodiversity. She also spoke about other activities carried out in this aim, such as the creation of the Ministry of Environment, which is made up of the Strategic Development of Natural Resources sub-division and the Environmental Management sub-division.

Ms. Cerdán mentioned that Peru has exported over US\$ 225 million worth of organic products. In 2008 and 2009 eco businesses generated US\$ 6,000 and US\$ 5,000, respectively, by exporting fishmeal, fish oil, fish, shellfish, timber, paper and nature tourism services.

Finally, she concluded by affirming that territory management is important. Peru is a country vulnerable to natural hazards and the effects of climate change.

Second Presentation

Priorities for BioTrade: PromPerú's Policies and Institutional Framework

Juan Carlos Matthew, PromPerú

Juan Carlos Matthew explained how customs duties are becoming less and less of an obstacle for Peru and the entire world: in the 80's tariff levels were almost 100%, in the 90's 65%, and today 2.8%, a reduction which is favorable for business.

Mr. Matthew also noted that Peru has participated in the development of organic activity through various multilateral agreements and conventions. In addition he mentioned the principles underlining BioTrade:

- Conservation of biodiversity,
- Sustainable use of biodiversity,
- Fair and equitable sharing of benefits derived from the use of biodiversity,
- Socio-economic sustainability (productive, financial and market management),
- Compliance with national and international regulations,
- Respect for the rights of actors involved in BioTrade activities, and
- Clarity about land tenure, use and access to natural resources and knowledge.

He stressed that Promperú acts as a technical secretariat responsible for strengthening international agreements and is in charge of implementing projects

that emphasize the importance of domestic products (maca, sachu inchi, tara, yacon, Andean grains, medicinal plants), promote ecotourism and strengthen business capabilities and BioTrade policies.

He also indicated the main results obtained through the BTFP:

- Achieve competitive supply,
- Strengthen institutional policies,
- Market access, and
- Promote research and innovation.

Third Presentation

The Peruvian Position on Multilateral Negotiations Related to BioTrade

Elmer Schialer, Deputy Permanent Representative of Peru in Geneva

Mr. Schialer stressed that the general objectives of the multilateral negotiations of Peru related to BioTrade are to mitigate poverty, achieve sustainable development, to preserve the environment and the country's mega diversity, and to create a multilateral trading system with clear, fair and non-arbitrary rules.

He also mentioned that the specific objectives are to access improved markets with higher demand, and produce genetic resources and associated traditional knowledge. He added that all these topics are discussed in international negotiation forums, such as the WTO (on issues of agriculture), WIPO (on issues of genetic resources and intellectual property), UNCTAD (on issues of support for developing countries, transition economies, electoral development, weak economies, etc.), WHO, ILO, etc.

Mr. Schialer stressed the importance of these negotiations and the opportunities they represent for the growth of the economic sector. He also noted the importance of the Doha Development Round for Peru's multilateral negotiations and its growth in BioTrade as issues such as reductions in tariffs for tropical agricultural products shall be discussed.

Fourth Presentation

The Role of Research in BioTrade

Augusto Mellado, National Council for Science, Technology and Technological Innovation (CONCYTEC)

Augusto Mellado presented CONCYTEC, an institution which includes scientific communities, universities, regional and local governments and others. He explained that the BioTrade Research and Innovation Program represents significant economic and social opportunities due to the fact that Peru exports its products without added value. This program could establish techniques that could result in economic value added.

Mr. Mellado also explained that the role research plays in BioTrade is to promote research and innovation processes of value chain based on stakeholder demands prioritized by the national BioTrade program.

In addition, he explained that the CONCYTEC lecture was created with the objective of choosing a university from a region, subsidizing researchers, research projects and financing masters and doctorates scholarships in order to form professionals capable of interacting in both domestic and international markets.

He also mentioned that the most innovative companies in Peru are the small to medium-sized enterprises because they need to carry out their own research to create their own technologies. Additionally, new technology-based businesses are often made up by technology innovation researchers.

Mr. Mellado shared that currently they are working on a bill that will transform CONCYTEC into the Ministry of Science and Technology and Technological Innovation, which would provide it with executive powers.

Discussion

- One participant asked for clarification on whether the biodiversity value of US\$ 5 billion was the result of one product or of the collection of different products. Ms. Miriam Cerdán explained that this figure is the sum of the value of all biodiverse products, whether manufactured or not.
- Another participant asked Miriam Cerdán, MINAM, for clarification on how Peru manages to implement BioTrade policies when there are so many different entities involved, such as MINCETUR, Ministry of Foreign Affairs, and others. Ms. Cerdán replied that it all came down to the willingness of all the different organizations to work together and also the role of international cooperation in supporting coordination.

Part 2: Development Assistance for BioTrade: Focus and Synergies

Fifth Presentation

Biodiversity and Ecosystems: Importance for Economic Growth

James Leslie, United Nations Development Program

In his presentation, James Leslie explained the three components the United Nations is developing related to BioTrade:

1. Preparation of a Regional Report:
 - With support from Cepal, the regional report will seek to inform policy-makers and Latin American leaders of the need to conserve biodiversity.
 - It aims to go beyond theoretical frameworks to include the broader public, such as leaders and decision-makers.
 - It will consult with various key sectors.
 - It will create a sector-wide approach, including information on economic sectors that depend on ecosystem and biodiversity services.

- The economic impact perceived in each ecological process sector will be articulated, working with different economic indicators.
- A cost-benefit study will be carried out, comparing traditional uses of natural resource in biodiversity and strategic and sustainable environmental management.

2. New Global Facilities:

- Provide work facilities for countries that wish to develop green product-oriented supply chains (Green Commodities Facility).
- Increase and protect biodiversity.
- Support commodities and value chains to be more sustainable and green.
- Seek for links between domestic producers and international markets.

3. Create opportunities for countries with the support from various cooperation agencies:

- Global Environment Facility (GEF): There are several cooperation agencies that support countries to access grant funds to promote sustainable use of biodiversity.

Sixth Presentation

Swiss Development Cooperation and PerúBiodiverso

Christian Robin, Swiss State Secretariat for Economic Affairs (SECO)

Christian Robin, Head of Economic Development Cooperation in Peru, explained the pillars on which SECO bases its work:

- Strengthening export potential of SMEs in partner countries,
- Create socially responsible and environmentally friendly trade policies,
- Facilitate access to European markets, SIPPO, etc.,
- Support partner countries, such as Peru, in their gradual integration into the world economy,
- Promote socially responsible and environmentally friendly economic growth, and
- Help reduce poverty.

Mr. Robin also presented the three main objectives of the Convention on Biological Diversity: The conservation of biological diversity, sustainable use of its components, and fair and equitable share of benefits arising out of the utilization of genetic resources.

He also mentioned that partnership with Peru started in 2002 at the Johannesburg Summit, with the objective of seeking to facilitate sustainable trade and investment in biodiversity products and services, provide hands-on assistance in export promotion of biodiversity products, promote the BioTrade value chain and focus on SMEs and community-based enterprises. He further explained that the BTFP program is made up of a network of many sectors that promote BioTrade.

Additionally, he gave an overview of the PerúBiodiverso program and its main goals: Market access with an emphasis on the EU market (SIPPO) and tourism (local

restaurants and hotels) as well as supply-side capacities, product development and a policy and legal framework.

Finally, Mr. Robin mentioned a few challenges the program faces, such as mainstreaming BioTrade into the national policy agenda, overcoming novel food regulations and coordinating donor support.

Seventh Presentation

Global Environment Facility (GEF) – Andean Development Corporation (CAF) Project

Jaime Cárdenas, Representative of the GEF-CAF Project

He expressed that he was very pleased to be present at the event. Before he began his presentation, Mr. Cárdenas introduced his friend and colleague René Gómez García, a CAF officer in Lima with whom he works closely and is responsible for all issues concerning the environment in CAF Lima.

Jaime Cárdenas added two concepts on biodiversity that had not been mentioned previously: BioTrade includes native biodiversity resources and involves an ecosystem approach with a supply chain vision. Both are foundations and platforms on which these kinds of businesses should be developed.

He spoke of BioCAF, a program of CAF's Environmental Unit that aims to promote conservation initiatives for ecosystems and species and support biodiversity by regulating water supply, promoting ecotourism and soil protection, among others.

Finally, he said that the GEF-CAF project includes Peru, Colombia and Ecuador. It began 6 to 7 years ago, facilitates biodiversity trade and supports the development of activities carried out in the Andean Region. It has a total budget of US\$ 14 million.

Eighth Presentation

Assessing Market and Supply of Biodiversity-Based Products

Roberto Duarte, German Technical Co-operation Projects (GTZ) in Peru

Roberto Duarte spoke of the PerúBiodiverso Project which is currently going into its second phase. He stressed that the Project prioritizes value chains: Camu-camu, maca, tara, yacon and sacha inchi. He also emphasized the difference between exporting biodiversity products and exporting BioTrade products.

He also explained that the main problems in rural markets for native biodiversity ingredients are non-transparent transactions, low budgeting power, low value added and predatory resource use. PerúBiodiverso plans on facing these problems by organizing roundtables and partnerships, promoting organizational capacities, promoting the issuance of organic certifications and developing management plans.

Finally, Mr. Duarte discussed the international market trends, which include: natural ingredients, tropical fruits, organic and ethical markets, and more documentation and traceability requirements.

Discussion

- One of the participants asked what was being done to overcome the EU tariff barriers regarding BioTrade-based products. One of the presenters replied that several dossiers are being prepared for these kinds of products to be submitted to the EU for approval. These dossiers will aim to establish a history of safe use of these products in Peru. With yacon, for example, a history of safe use has already been proven, but the dossier has not been submitted because it has been decided it best not to present the product as “yacon meal,” but rather as a designation of origin product. The presenter further explained that in the case of sachu inchi, the problem has not been only to conform to international regulations, but rather, problems have emerged with regards to producers. Negotiations must take place, not with one business, but with a guild, which sometimes have problems allowing new businesses join.
- The participant from Nepal wanted to know more about mainstreaming as an idea to help promote BioTrade. Mr. Robin explained that “mainstreaming” is a concept that implies involving the private sector. Peru has been implementing several activities on different levels and the government has been incorporating this concept in their policies. A good job is being done to raise awareness.
- Katherine Escobedo from the US Trade Agency asked about the issue of intellectual property, inquiring as to developments in designation of origin and collective brand marks. One presenter answered that designation of origin has been widely supported. A dossier has been presented to Indecopi to use designation of origin as a tool to improve the current situation of biodiversity-related products.

Comments

- On the issue of BioTrade, public institutions and other companies are working on a platform to promote differentiating elements, flagship products, designation of origin, etc.
- Under BioTrade, the priority seems to be placed on plant-based products. Forest management, for example, has been implemented to this end. However, the use of animal based products is not discussed as prominently. No one has mentioned camelids, for instance.

Part 3: Opportunities for Partnership and Cooperation

Ninth Presentation

Current Status of Coordination on BioTrade

Daniel Espinosa, National Commission on BioTrade

Daniel Espinosa explained the importance of BioTrade for Peru and the progress made on this front. He mentioned that MINCETUR is working on several projects related to trade and seeks to strengthen commercial ties and promote BioTrade. He also explained that these projects focus on several aspects on different coordination levels. The National Commission to promote BioTrade is the sum of the will of people interested in developing this proposal. It is backed by a law as a supreme decree issued to approve its creation. Its goal is to bring small farmers to success in biotrade.

Closing of the 1st Session

Asad Naqvi thanked everyone for participating and for sharing valuable information that will help to promote and develop BioTrade.

Session 2

Monday, September 20

Trade and Environment Workshop for Policymakers: Barriers to Trading Biodiversity-Based Products

Opening Session

The 2nd meeting on BioTrade was held on September 20 at the Ministry of Foreign Trade and Tourism (MINCETUR) in Lima, Peru.

The purpose of the meeting was to explain the relationship between biodiversity-based products and the main international issues related to trade and environment policies. The presentations were designed to go into depth about the role international instruments play in promoting or discouraging BioTrade.

Welcome Remarks

Capacity Building Task Force (CBTF) Coordinator, Mr. Asad Naqvi thanked everyone for coming and began the second event of the day.

Mr. Naqvi explained the importance of the Capacity Building for BioTrade project components in fostering the integration of biodiversity considerations into trade policies, promoting market opportunities, creating employment opportunities in developing countries, and ultimately, reducing poverty.

Adoption of Agenda

The order of the presentations varied somewhat from the original agenda. One additional presentation by Claudia Fernandini was added.

Part 1

First Presentation

Introduction to Multilateral Negotiations on Trade and Environment

Elmer Schialer, Deputy Permanent Representative of Peru in Geneva

Elmer Schialer gave a presentation on BioTrade and Multilateral Trade Negotiations. He mentioned that there are no special negotiations for biodiversity-based products at the WTO, such as there are for tropical agricultural products, for instance.

He also discussed the following:

- ADPIC/CDB:
- The W52 Coalition proposal to adapt TRIPS to the convention on biological diversity and extend the protection of the geographic indicators to other products.
- The fight against biopiracy in Peru is backed by Europe. It is understood as the way genetic resources and associated traditional knowledge are commercially processed.
- Biopiracy solutions: The patents system must obligate anyone who wishes to register patents to divulge the origin of the genetic resource and associated

traditional knowledge. All registrations must prove themselves sufficiently innovative to be patent-worthy.

- SFS Committee
- The EU forbids the entrance of traditional foods like yacon, sacha inchi because they do not have a history of safe use, which is a result of the 258-97 regulation, intended as a safeguard for public health.
- Regulation No. 258-97: A WTO non-compatible trade barrier, based on countries' prerogative to protect their citizen's health.
- Committee on Trade and Environment (CTE): A first in incorporating discussions on the environment into discussions on commercial considerations at the WTO.
- CTE is developing a list of industrial products that have a positive impact on the environment.
- The Committee's main problem is how to define what an "environmental good" is and whether such goods do not negatively impact the environment,

Other issues include:

- Technologies or dual-use goods potentially subject to 0 tariffs for use in environmentally-friendly projects.
- The opening up of market access for BioTrade to developed world countries without posing a threat to local agricultural production.
- Conducting closed negotiations to define a list of products that will help mitigate climate change.

Second Presentation

BioTrade and Valorization of Biodiversity

José Quiñones, PromPerú

José Quiñones, representative of PromPerú, defined BioTrade as the collection, production, process and commercialization of goods and services derived from native biodiversity under economic, environmental and social sustainability criteria. He mentioned different multilateral agreements signed by Peru:

- The Convention on International Trade in Endangered Species of Wild Fauna and Flora
- The Convention Concerning the Protection of World Cultural and Natural Heritage
- The Convention on Biological Diversity
- The Ramsar Convention on the Protection of Wetlands
- The United Nations Framework Convention on Climate Change
- The United Nations Convention to Combat Desertification

Additionally, he explained the seven principles on which BioTrade is based:

- Conservation of biodiversity
- Sustainable use of biodiversity
- Equitable sharing of benefits derived from the use of biodiversity

- Socio-economic sustainability (management, production and markets)
- Compliance with national and international legislation and agreements
- Respect for the rights of actors involved in BioTrade
- Clarity about land tenure, use and access to natural resources and knowledge

In addition, Mr. Quiñones spoke about the National Program for the Promotion of BioTrade which is composed of different organizations such as UNCTAD, GTZ, SECO, CAN, OTCA, ministries, universities, institutes and others.

He also explained the role PromPerú plays in relation to BioTrade. Its institutional role is to promote export, especially for small and medium-sized companies. It seeks to implement projects, promote ecotourism and negotiations that favor BioTrade. Mr. Quiñones also mentioned that they have obtained very good results, such as:

- Competitive supply
- Strengthened institutional policies
- Market access
- Promotion of research and innovation

He also stressed that Promperú has an area devoted to BioTrade regarding the trade of these products, prioritized products, strategies, tools and promotion means, etc. Finally, Mr. Quiñones mentioned the PeruNatura fair, which promotes natural goods and products.

Third Presentation

International Aspects Related to BioTrade and Biodiversity

Elmer Schialer, Deputy Permanent Representative of Peru in Geneva

Elmer Schialer gave a presentation on the Convention on Biological Diversity (CBD). The convention was approved in 1993 with aim to: establish an international legal system that facilitates access to the benefits that genetic resources offer, achieve equitable access and benefit sharing (negotiated in the framework of article 15), as well as everything related to genetic resource associated traditional knowledge (mentioned in article 8).

He then proceeded to explain both articles:

- CBD Article 15: Pioneer article in international law that states that genetic resources belong to their country of origin, the reason for which it is necessary to institutionalize a system to access trade benefits generated from genetic resources.
- CBD Article 8: Is not as clear as Article 15 because it has a series of provisions and precautions that make it difficult to negotiate traditional knowledge related to genetic resources.

Mr. Schialer also mentioned that there are several problems because there is no agreement regarding equitable sharing of benefits over traditional knowledge associated to genetic resources. To patent said knowledge is a rather cumbersome process.

He also expressed that the WTO has a dispute settlement body, the most important judicial-commercial mechanism worldwide. He noted that the Agreement on the Application of Sanitary and Phytosanitary Measures of the World Trade Organization should not serve as arbitrary discrimination or disguised restriction in international trade. The SPS Agreement should be applied to seek a synergy between sanitary protection and free trade, protecting people's lives and health against risk of pollutants, toxins and addictive diseases and their derivatives, as well as food safety.

Mr. Schialer mentioned that the Committee on Sanitary and Phytosanitary Measures of the WTO is a platform for consultation on trade concerns related to health issues. It has 153 WTO members and observers. He also mentioned some of its functions:

- Facilitate consultation on sanitary and phytosanitary measures
- Ensure that members implement the agreement
- Promote the use of international standards
- Promote the exchange of SPS experiences among members
- Promote SPS technical cooperation

He also mentioned Peru's participation in the SPS measures, proposing subjects such as mad cow disease, EU fishmeal, novel foods, decisions on equivalence, decisions on regionalization, discussion of private standards, EU bilateral meetings (novel foods, fishmeal restrictions) and others.

In addition, he mentioned the application of SPS measures in Peru:

- Recognition of southern Peru as a Foot and Mouth Disease (FMD)-free zone
- Recognition for lack of legal framework, modernization of its national epidemiology and lack of infrastructure
- Modernization of diagnostic laboratories, cold chains, intensive vaccination campaigns, national epidemiological surveillance system
- Strengthening the quarantine protection system
- Legal base consistent with international standards

Coffee Break

Part 2: Lessons Learned from BioTrade Policies of other Countries

Fourth Presentation

Enhancing Synergies between Development Assistance and National Priorities in Namibia

Festus Kapembe, Centre for Research Information Action in Africa, Southern Africa Development and Consulting (CRIAA SA-DC)

Festus Kapembe began his presentation by mentioning that Namibia supports sustainable use of biodiverse products, a key to successful biotrade promotion. He mentioned that investment in Community-Based Natural Resources Management (CBNRM) program and the Indigenous Natural Plants (NP) program have led to an increase in income generation in the past 15-20 years. He further added that after Namibia's independence in 1990 the government has tried to

introduce the Conservancy Act, by which the community has the right of natural resources and wild life.

He mentioned synergies between development assistance and national priorities:

- Community-Based Natural Resources Management (CBNRM) communities have rights over resources. CBNRM is supported by NGOs and a range of donors and private sector tourism partners (MCA, GEF - ICEMA, WWF).
- It has proven to be an important mechanism for the Namibian government to pursue its goal of sustainable development.
- It was driven from the grassroots level and based on the understanding that appropriate incentives to use resources sustainably are available if resources have sufficient value for local people and allowing for rights of use, benefits and management.
- The Indigenous Plants Task Team (IPTT) received a budget from MAWF and this enabled IPTT to leverage additional donor funding.
- Analysis of the pipeline for the development of Indigenous Natural Product components was very useful.
- Agreed strategies and action plans have been established, but implementation is guided by flexible, market driven responses.
- Information sharing maximizes synergies.
- Utilize resources to leverage further public and private investments.

Among the benefits of these synergies are: communities can use these legal provisions to manage their own wildlife and tourism activities within conservancies; wildlife populations can increase in conservancies; and income shared among conservancy members can increase. In Namibia's case there has been an increase from US\$ 600,000 in 1998 to US\$ 41 million in 2008.

Among the barriers to trading BioTrade-based products, Mr. Kapembe listed overall conservationist movements, technology gaps, regulatory barriers, conflicts between members (corruption) and informal BioTrade practices. He stressed the need for a democratic approach and transparency.

In conclusion, Mr. Kapembe explained that the government and NGOs made an effort to support primary producers and that Namibia is where it is right now thanks to the rights-based approach. Also, he proposed the application of appropriate incentives for the development of sustainable natural resources if these have sufficient value to local people and allow for their exclusive rights of use, benefits and management.

Fifth Presentation

Policies from Nepal: The Process of Developing the National Trade Integration Strategy and Consideration for BioTrade

Chandra Kumar Ghimire, Ministry of Commerce and Supplies in Nepal

Chandra Kumar Ghimire began by giving an overview of the process of developing the Nepal Trade Integration Strategy (NTIS). First, they established the criteria used to select exportable items, followed by the stakeholder consultation. They selected 19 items in the agro-food, craft, industrial goods and services fields, such as tea,

large cardamom, ginger, honey, lentils, instant noodles, medicinal herbs, handmade paper, silver jewelry, pashminas, wool products, tourism and others.

Regarding the development of NTIS, Mr. Kumar proceeded to conclude that it involved a very participatory process, which was important in creating “buy-in” from all key trade sector stakeholders (concerned ministries, business sectors, development partners and others). Preparing a trade sector development strategy with the participation of all stakeholders, however, takes time, resources, expertise and passion.

He also provided a definition for BioTrade, referring to it as those activities of collection, production, transformation and commercialization of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability. The NTIS design kept several of these ideas in mind to increase value addition, attain a high socio-economic impact and maintain export performance over the years, among others.

He finished by stating that Nepal is a rich biodiverse country and is keenly interested in developing national capacities to promote BioTrade. It has a very strong trade strategy with clear identification of products and destination markets, seeking to strengthen institutional capacities and, in line with the NTIS, establish a BioTrade initiative.

Sixth Presentation

Designation of Origin and Trade of Biodiversity-Based Products

Claudia Fernandini, Clarke, Model & C^o Perú

Claudia Fernandini mentioned that designation of origin differentiates a product by its geographic origin and thereby, guaranteeing its quality. She further explained that there are geographic indicators for the commercialization of agro-food products, according to designation of origin by country, region or place, or another specific geographical area. These geographical indicators are used to designate a product native of the area and whose quality and other characteristics are exclusive or specific to the environment in which they are produced.

Ms. Fernandini also defined essential elements of the designation of origin dossiers. She indicated that there must be a legitimate interest on behalf of the applicant, a geographical area for production to which studies have been made to prove there is uniformity within the area (common climate, height, etc.), special characteristics of the product through a comparative study, and other additional aspects.

She also commented on the changes applied by FTA rules. She explained that brands that have signs that reproduce, imitate or contain a designation of origin cannot be registered when its use could cause risk of confusion or association with another designation or imply an unfair use of its notoriety. Brands that contain a protected designation of origin for wines and spirits, or brands that consist of a domestic or international indicator are susceptible to inducing confusion.

Seventh Presentation

EU Novel Food Legislation: BioTrade Impact

Claudia Solano, PromPerú

Claudia Solano spoke about the Regulation EC 258/97 of January 27, 1997 which controls the entry of novel foods and novel foods ingredients to the EU that have not been used for human consumption to a significant degree within the Community before May 15, 1997. She mentioned that this applies to foods or traditional products as well as products derived from nanotechnology, collectively known as “Novel Foods.” She also mentioned that there are changes within the EU regarding the importance of reviewing the original regulations in order to establish a clear definition and define the scope of the regulation.

Ms. Solano further explained that in order for dossier reviews to proceed, there are a few requirements and procedures that must be followed. First, they must be submitted to the EU country member for assessment and sent to the other 26 EU members to receive comments. The EFSA then evaluates and issues a scientific opinion. The European Commission and country members must authorize the procedure.

She proceeded to explain the proposed amendment. It would centralize approval procedures, prioritize approval of traditional foods. It also has provisions for the protection of information, cloning and nanotechnology, and the revision of history of safe use documentation (quantification, history of consumption, exporting, etc.).

She also discussed the concerns generated by this regulation. The loss of commercial opportunities and the difficulty involved in proving significant population consumption makes the process long and costly. She gave examples of Novel Foods such as yacon, camu-camu, sacha inchi, aguaje and arracacha.

Discussion

- One of the participants asked whether there is a proposal to present a joint representation of the definitions of traditional products, geographic indicators, and designation of origins that promote international trade in Nepal. The representative of Nepal answered that there is no clear BioTrade definition. He said that they will use this process as a learning experience to set new goals.

Closing of the 2nd Session

The moderator proceeded to close the event, thanking all the attendees for their participation and valuable input.

Session 3

Tuesday, September 21

BioTrade: A Business Unusual for Profits, Partnership and Sustainability

Opening Session

The “BioTrade: A Business Unusual for Profits, Partnership and Sustainability” workshop took place on Tuesday, September 21 at the Sonesta Hotel in Lima, Peru. Its purpose was to demonstrate how investing in BioTrade makes sense from an economic point of view, in promotes partnership opportunities and can be a catalyst to generate income for the poor.

Part 1: BioTrade: A Strategy for Biodiversity

Conservation and a Green Economy

Welcome Remarks

A MINCETUR representative, started by greeting the audience, thanking Asad Naqvi and GTZ for making this event possible, and inviting everyone to attend the Peru Natura Fair at Expoalimentaria event the following day. He then described the agenda for the afternoon, mentioned the presenters along with an overview of the subjects they would be presenting. He also emphasized that BioTrade was no longer only voluntary standard but has also been legally established.

Adoption of Agenda

The meeting adopted the pre-established agenda.

First Presentation

BioTrade as a Catalyst for the Green Economy: the Capacity Building for BioTrade - (CBBT) Project and the Findings of the Economics of Ecosystems and Biodiversity (TEEB) Study

Asad Naqvi, UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF)

Asad Naqvi started by thanking everyone for coming and welcoming everyone on behalf of the United Nations Environment Programme. Mr. Naqvi then explained how the Capacity Building for BioTrade Project (CBBT), launched in 2010, is the first initiative conducted in Peru involving collaboration between UNEP and GTZ Peru. The Peru project is part of the larger CBBT program that also includes activities in Namibia and Nepal. CBBT has three main objectives: elaborate trade policies and strategies that include biodiversity aspects, increase effective participation of countries in international negotiations and improve the capacity of businesses to benefit from opportunities offered by BioTrade.

He emphasized that losing biodiversity is not just the loss of individual fauna and flora but implies losing entire ecosystems that are of great economic value. He gave several examples of cities and countries choosing ecosystem conservation, e.g. New York City, 1996, Water Management Project.

He recognized that pursuing a green economy is not easy, as it requires more investment and poses various challenges, but there are vast benefits produced by “greening,” such as cost savings, risk management and reputation and brand value, among others.

Second Presentation

BioTrade Principles, Criteria, Verification and Certification: Benefits for the Private Sector

Frank Schreiber, Yanapaí

Frank Schreiber, the Yanapaí representative, began his presentation by defining BioTrade. He also mentioned that UNCTAD’s BioTrade initiatives facilitate biotrade by harnessing market mechanisms. Providing economic incentives for sustainable use of biodiversity serves to preserve biodiversity in a sustainable manner throughout value chains.

He discussed the seven BioTrade principles, which are as follows:

- Conservation of biodiversity
- Sustainable use of biodiversity
- Equitable sharing of benefits derived from the use of biodiversity
- Socio-economic sustainability
- Compliance with national and international legislation and agreements
- Respect for the rights of actors involved in BioTrade
- Clarity about land tenure, use and access to natural resources and knowledge.

He emphasized that attention to consumer interests is important. Key is emphasizing that purchasing biotrade products can contribute to:

- Natural Resources Protection
- Human Rights Occupational Health
- Producers and Harvesters Benefits
- Biologic Diversity Protection

Then, Mr. Schreiber explained how these are applied and can be taken into practice in Peru and worldwide:

- Union for Ethical BioTrade (UEBT): Represents the difference between ethical trade companies and other companies. Those that comply with these principles have a distinction, a logo which establishes them as different from other companies.
- FairWild: Standard that allows product labeling. It complies with UNCTAD criteria, following a standard business model. It has a certification and a certificate (seal). He clarified that FairWild has not yet been introduced in Peru.

Discussion

- One of the participants asked Frank Schreiber which Peruvian companies comply with UEBT or which products are allowed. Mr. Schreiber answered that cosmetic products are allowed and that in the case of Peru, nutritional

- products are also allowed, such as yacon, aguaymanto, medicinal herbs, uña de gato (Cat's Claw), etc.
- Another attendee asked Asad Naqvi if forest protection has been considered, as it also is home to people, as well as animals and living organisms in general. He replied that this is the main reason why BioTrade is so important, as it is the way to help these people get ahead using their own resources and to protect them.
 - One of the participants asked how certification standards are handled for the access of genetic resources. One of the presenters answered that BioTrade standards and principles do not have a single criterion, but of several criteria that must be followed. He added that a compendium of all Peruvian legislation and regulations that facilitate BioTrade businesses is being prepared.
 - One of the participants expressed that he was confused about the BioTrade. As he understood it, BioTrade comprises biological products and as such ecological. One of the presenters replied that one of the problems related to BioTrade is that no one definition of this concept had yet been established. He added that the definition depends on each country and what it considers BioTrade to be.

Part 2: Success Stories from Abroad

Third Presentation

Exporting Devil's Claw and Hoodia from Namibia & the BioTrade Green Economy Study

Loide Uahengo, National Botanical Research Institute, Namibia

Loide Uahengo began her presentation by presenting products generated from Namibian indigenous natural plants. She mentioned that a classic example of indigenous natural plants is: Hoodia and Devil Claw. She said that trading these species represents supplementary sources of income for rural communities.

She explained that only two species of Devil's Claw are harvested for commercial purposes and that it is regarded as a medicinal plant, exported to Germany, Korea and Brazil. Then, she mentioned that there are several issues regarding the Devil's Claw industry. For example, there is a lack of capacity and technology and producers are unorganized. Also, the production value chain is too long and there are no fair trade standards in use. Ms. Uahengo also explained that there are 10 species of Hoodia in Namibia, but only 2 are harvested for trade, as it is an appetite suppressant, although it is not exported to many countries as yet.

Finally, she explained that the BioTrade Green Economy Study is conducted as an element under the Namibia CBBT Project, aiming to promote development in Namibia and a transition to a wider green economy.

Fourth Presentation

BioTrade in Nepal: Essential Oils, Medicinal and Aromatic Plants and Plans for the Green Economy Study

Philipp Kruschel, German Technical Co-operation Projects (GTZ) in Nepal

Philipp Kruschel began his presentation by defining BioTrade as the collection, production, transformation and commercialization of goods and services derived from biodiversity.

He said that in Nepal the goal is to operate on a coordination framework of national BioTrade policies and negotiations, strengthening institutional capacity to enhance them as well as develop and implement marketing strategies to improve BioTrade. He mentioned that in Nepal they work to reach the following results: Support national BioTrade policies, identify relevant stakeholders, complete the green economy study, produce economic and opportunity analysis, conduct a second study on essential, medicinal and cosmetic oils, establish a project Council Group, assess market potential for biodiversity-based products, assess trade barriers for biodiversity based products and create marketing strategies for selected biodiversity based products.

Then, Mr. Kruschel mentioned that Nepal's success story was the establishment of the Himalayan BioTrade in 2000. The company produced good essential oil projects but they did not sell in the international market. The challenges were the difficulty to enter the market, weak communication, documentation and problems with financing and labor. However, he also mentioned different solutions to these challenges. He stressed that they had to work on sending samples for different buyers for testing, build communication tools, create proper documentation and consider managers and workers as joint stakeholders and create employment in rural communities.

Discussion

- One of the attendees asked what has been done in Nepal to overcome tariff barriers imposed by the EU. Mr. Kruschel said that the main problems surround essential oils, but that they were finally able to enter the market and establish relations with importers. He emphasized that getting product certification is very important.

Coffee Break

Part 3: Peruvian Successes in the BioTrade Sector

Fifth Presentation

Peruvian Biodiversity Based Business Ventures

José Luis Silva, Nutraceutical Products, Hersil

José Luis Silva presented Hersil, a nutraceutical products laboratory that exports to more than 20 countries. Hersil's mission is to promote social values related to environmental quality and to develop products and services that enhance the quality of life. Mr. Silva explained that Hersil has different products: nutritional, medical, natural, and others. He mentioned that the company is involved in research and research promotion, focusing on 7 clinical studies, 2 of which cover endemic orphan diseases. Another focuses on the use of natural medicine used for treating menopause.

Sixth Presentation

Peruvian Biodiversity Based Business Ventures

Pedro Martinto (Aguaymanto), Villa Andina

Pedro Martinto, a representative of Villa Andina, spoke about his company's experience in regards to producing a biodiverse product such as aguaymanto. He mentioned that the company had to follow the BioTrade criteria so as to apply corporate social responsibility criteria, comply with stakeholder requirements and protect the environment. Finally, he concluded by saying that today, biodiversity-based products must be emphasized. For Peru, biotrade represents an important opportunity to increase business and allocate value to traditional crops.

Seventh Presentation

Applied Research and Markets for BioTrade

Carla Gonzáles, Universidad Peruana Cayetano Heredia

Carla Gonzáles, a representative of the Research Center of Universidad Peruana Cayetano Heredia, spoke about the research studies made on maca, a Peruvian indigenous plant. She mentioned maca's attributes, such as improving fertility, prostate problem conditions and osteoporosis conditions and helping reduce glucose levels in diabetic people, among others. She explained that there are different types of maca and that each provides different attributes. They are not all good for the same kinds of problems. She concluded her presentation by stating that scientific studies are vital for BioTrade development.

Discussion

- One of the attendees asked how maca could be exported in large quantities, if its farming is very difficult.
- Another attendee asked about the obstacles Peruvian companies have to face in order to commercialize their products. The presenters answered that the main obstacles companies have to face are counterfeit products and tariff barriers.
- An attendee asked how maca could be exported and how this is suitable as it is considered an extractive and weak plant. The presenters answered that work is being done as far as finding ways to speed up the ground regeneration process (which takes several years after maca is harvested). They added that maca is the only plant that grows over 4500 masl, so it doesn't affect the environment and there is a lot of land to cultivate at that altitude.
- Another attendee asked whether synthetic production of maca had been considered. One of the presenters answered that when the components of maca are isolated, they don't have the same effects as when the entire plant is used, so it wouldn't be appropriate to produce synthetic maca for exporting purposes.

- One of the participants asked how genetic contracts have been handled by Hersil. Mr. Silva answered that most of their products were cultivated, so they do not require any access permit in Peru.

Part 4: Action Opportunities: Financing and Investing

Eighth Presentation

Innovation in Finance: Funding the Conservation of Peruvian Forests

Roberto Persivale, GAIA Trust

Roberto Persivale, representative of GAIA Trust, explained that this company is devoted to financing Peruvian Forest conservation through the generation of investments with an environmental, social and business impact. He mentioned that GAIA Trust focuses on attributing value to the forests through the implementation of business schemes with a social impact. He also talked about the GAIA Fund, which focuses on creating a financial back-up for forest protection projects and providing management, strategy, business access and financial services as well as helping with the sustainable development of communities.

Ninth Presentation

The Role of Private Finance

Cecilia Yáñez, Root Capital

The presenter, Cecilia Yáñez, unfortunately could not be present for her presentation, but the moderator gave a brief presentation about the company Root Capital and left her contact information.

Tenth Presentation

The Biodiversity Fund of Columbia

John Bejarano, Colombian Biodiversity Fund

John Bejarano, representative of the Colombian Biodiversity Fund, explained that this institution is involved in BioTrade, particularly as it regards businesses that deal with native biodiversity-based products and with the different forms of life in a specific territory. He noted that Colombia and Peru are countries rich in commodities, mining and oil production, a market that generates around US\$ 141 million annually in phytotherapeutic, organic, timber-yielding and cosmeceutical products, among others. He also mentioned that in regards to Ecotourism, GDP amounts to around US\$ 210 million.

Finally, he said that the Fund provides technical services to create and evaluate business plans, support the design of public and private instruments and promote the sustainable use of biodiversity.

Discussion

- One of the attendees asked Mr. Bejarano how they evaluate which communities can acquire a loan. He answered that a community has to submit a business plan and then it will be evaluated. He mentioned that the smallest operation ever conducted was of US\$ 1,500, while the highest

- amounted to US\$ 225,000. He said that they manage 18% of the company given loans and purchase 12%.
- Another attendee asked Mr. Bejarano where financing sources come from. He answered that finance comes from abroad (from Switzerland, Germany and others), as well from international organizations such as CAN.
 - A third participant asked if the funds are awarded through bids. Mr. Bejarano answered that a business plan request must be completed which is then evaluated. He explained that once this is done, it shall be determined whether or not the applicant qualifies for financing, and if the answer is positive it enters the program; if it is negative, however, it is referred to other partners (universities, environmental authorities, exporting organizations, etc.).

Closing of the 3rd Session

The event came to an end at 20:00 hrs. The attendees were thanked for their participation as well the presenters, and were invited to the Research Forum of PerúBiodiverso and to the Expoalimentaria fair.