

Baruntse Balm: Nepali Export Product

Introduction

Breathe Easy with Baruntse Balm. This decongestant chest balm is made using essential oils and waxes cultivated in Nepal. Baruntse is a value added product that benefits Nepalese producers through spurring natural health exports from the country. The balm will be produced in Nepal and sold to Canada as a finished product. The balm will be a combination of Eucalyptus, Lemongrass, Anthopogon, Wintergreen, and Valerian Root essential oils. Beeswax is the base for the balm. Baruntse Balm would be classified as a natural health product as it is made of “naturally occurring substances that are used to restore or maintain good health” (GC AGR). The balm would be the first of a line of natural health export products.

Industry Status and Potential

Currently “300,000 families are engaged in medicinal herbs collection in 58 districts” of Nepal with another “100,000” families who can easily join (Jenisch). Any Nepali citizen can harvest herbs after they apply “to the Department of Forests and pays the appropriate government royalty” (FAO). The State Enterprise HPPCL, funded in the 1980s, have facilitated the “installation of processing units in remote mountainous areas” which has made distilling essential oils much more accessible (Chapman). Many plants are gaining importance as a “raw material for the production [of] natural health products” (Catmando).

Anthopogon (*Rhododendron anthopogon*)

Anthopogon is naturally distributed throughout Nepal at “3500-5100m on open, moist alpine regions” which brings added income to people in mountainous regions (Gurung). In 2010, production of “anthopogon oil amounted to 250kg” (CBI).

Eucalyptus (*Eucalyptus globulus*)

Eucalyptus is used as a “decongestant” and the “oil is extracted from the leaves; the Sagarnath distillation plant has a daily production capacity of 100 litres” (Khahal, Chaudhary).

Lemongrass (*Cymbopogon flexuosus*)

A natural relaxant that is “currently termed an essential oil” that underwent value chain analysis, there is now a limit on the amount that can be distilled through the formation of a cooperative (Gurung).

Valerian Root (*Valeriana officinalis*)

Valerian is cultivated throughout Nepal although Nepal only allows export of processed valerian due to its policy on environmental preservation (Dharmananda).

Wintergreen (*Gaulteria fragrantissa*)

Wintergreen is also a known decongestant and demand for the oil is “primarily located in Western markets” (CBI). In 2010, Nepal produced 3.5 tonnes of Wintergreen oil and it faces competition from other countries, like China for production although Nepal’s oil is better respected (CBI).

Steam Distillation

Steam distillation is key to producing essential oils. Collectors or producers must bring their plants to the units to be distilled, sometimes travelling great distances. Collectors are told a fixed price or are told the market price when it is dropped off. There are many problems associated with production, a few being the “lack of sufficient distillation plants, lack of collective bargaining power, weak institutional strength and; lack of knowledge of value chain development” (Gurung).

Beeswax

Beeswax is an undervalued by product of honey, but an “important source of income, especially for those at high altitudes” as it is a “high value, low weight-to-volume product” (Saville)

Future Potential

Through increasing the amount of Small Scale distillation units, there would be greater access to production to create a steady supply of essential oils. The balm requires inputs already produced in Nepal but combining them adds value to the raw materials. There is future potential to manufacture the balm within Nepal. This would create jobs in the manufacturing sector, which currently “employs only 6.6% of the total workforce” (Bista).

Economic Benefits to Nepal

Overall production of this balm would increase the demand for Nepali essential oils and open the doors for further natural health product production. The increase in demand will cause more distillation units (DU) to be needed. When communities have their own DU they are able to bring more income to the area. In Lalitpur, where there is a downsized DU due to the high altitude “87% noticed increased income in the community”, “78% increase in education” and also an increase in overall well being (Johnson).

Communities in the mountains struggle with production as they are in such remote areas. According to Johnson, the price of a downsized distillation unit is 410,000 NPR and can be disassembled into small pieces for human transport (Johnson). Including mountainous producers in the production of Baruntese Balm will open the doors for them to produce other products as well. Access to international markets “is a vital component to the success of the essential oil market in Nepal.” (Jenisch). The isolation of remote “mountain areas means that high value, low weight to volume products are most suitable for export” (saville).

Impact on Labour

Women and children are the primary collectors of plants to make essential oils as “over half of harvesters and cultivars are women” (Johnson). When there are more DUs, women are able to bring their goods to the units more often and are able to make shorter but more frequent trips. The balm will create a need for many different types of essential oils, all from Nepal. This will provide “employment in remote areas where the harvest takes place” and where women are encouraged to form “women’s groups to protect their rights” as producers (Johnson). The formation of these types of groups to help run the distillation process means that there is a tight knit community behind the production.

Local Culture

Baruntse Balm requires the raw input, the distillation, and processing parts of production, all in Nepal. This will encourage people who live in remote areas to stay. Medicinal and Aromatic plants have “medium export potential but high socioeconomic impact” (Jenisch). These types of plants have been produced and collected in Nepal for centuries.

Beeswax production has “traditionally been an important source of income, especially for those at high altitudes” (Saville). The balm will require a lot of Nepalese beeswax. The manufacturing of “herbal salves/creams can be a source of income-generation and livelihood improvement for local people” (Saville).

Environmental Sustainability

The production of Baruntse Balm has benefits and losses for the environment. The people who collect the plants are aware that they are taking their own “resources” and are likely to conserve (Johnson). However, people may inherently overuse their resources. Eucalyptus essential oil is made from the stumps of the plant. Distillation may result in “burning of biomass,

loss of biodiversity, and disturbance of soil biology” (Johnson). Producers may be incentivized to only plant one type of plant or to overuse the soil.

Export Potential

Cold Market

Canadians look for a number of remedies to help with cold and flu symptoms, and in any given month, “1/3 of Canadians” suffer from sickness (Digital Journal). Queens University in Canada found that “Canadians spend more than \$300 million” dollars a year on treating cold and flu symptoms (Digital Journal). Reader’s Digest lists decongestant chest rubs with mints and eucalyptus to be effective suppressants (Reader’s Digest).

Canadian Consumer Profile

According to studies by the Canadian research trends, 13% of Canadian consumers are “willing to pay a premium for health enhancing products” (2, BDG). Baruntse Balm falls under this category. The average Canadian spends “\$935 on health and wellness products annually” (17, BDG). This study also revealed that the natural health sector is strong in Canada, as nearly 3/4s of Canadians use Natural Health Products on a regular basis and it is a “2.5 billion dollar industry in Canada (BDG). According to Statistics Canada, the Functional Foods and Natural Health Products Sector “generated \$11.3 billion in revenues in 2011 (GC AGR). This is an indication of the type of market Baruntse Balms would appeal to.

Import Regulations

Canada does have import regulations and the Canadian government outlines them on their website. Imported health care products must have a “site license and provide evidence that imported products come from sites who follow Canadian Good Manufacturing Practices”

(Government of Canada). They must also submit a Quality Assurance Report. Detailed regulations are outlined on the government website (Government of Canada).

Potential Importers

Goodness Me! Natural Food Market
goodnessme.ca
905-635-3839

The Stone Store
stonestore.ca
519-821-2120

S&H Health Food Stores
sandhhealth.ca
519-758-9973

Marketing

Baruntse Balm would be marketed to health-conscious Canadians, a niche market. It would depict a Mountain on the top of the tin with the phrase “Breathe in the Himilayas”. Through adding brand recognition factors, the brand will appeal to Canadians. The balm would increase the capacity to produce other natural health products for Canada. Other products include: lip balms, headache oils, and relaxation salves.

Conclusion

The Canadian Market has a growing interest in natural health products and Nepal has the potential to grow their natural health exportation sector. Nepal is able to produce a wide range of essential oils which would bring considerable socioeconomic benefits to the area. Baruntse Balm has the ability to stimulate essential oil production, distillation, and manufacturing jobs in Nepal to fuel Canada’s natural health product demand.

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