

# ARTEMISININ CONFERENCE

*Aligning Artemisinin and ACT Supplies*

*Vietnam Production Report 2012*

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# Production Summary 2012

- **Artemisia cultivated area in 2012 is increased to double compare to 2011 with about 2600ha, producing ~8,000 MT of dried leaves with content of 0.6%-0.7%.**
- **Leaf prices, due to competition between agents (including from China), rise from between \$900 – \$1,600/MT (dried leaves).**
- **Efficiency processing is a little bit increased to ~55%-60% where average yield of production from 3.3-3.8kg/MT produced in total of ~23-26MT of artemisinin. (It is reported that about 1000MT dried leaves is collected by Chinese agents).**

# 2012 artemesia cultivation



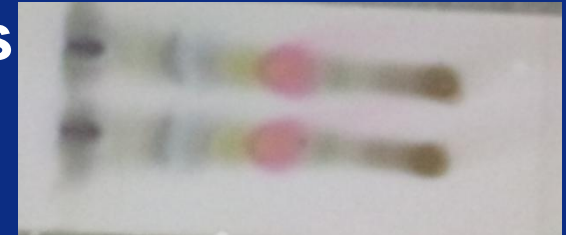
- Although the cultivation area increased in 2012, there was no investment on high yield seeds.
- There is limited coordination between extractors and growers then collection agencies increased prices to extractors
- As crop in Vietnam is 1 month before China then some Chinese agencies come to collect the leaves and increased competition.
- Limited market information made extractors/agents to compete and increase the price of leaves.



# 2012 Artemisinin production

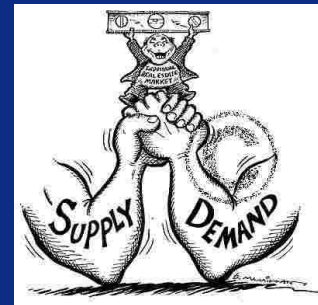


- Extractors tried to enhance processing technologies but still need more efforts;
- Production costs is increased;
- The banking system was reformed leading to difficulties approach for loan and high interest rate, also economies crises made extractors in difficulties situation.
- Cost of solvent, electricity and manpower is increased.
- All cost is in advance payment



# Demand and supply

- Orders come late compare to previous years
- No clear market information on when demand comes made people keep approaching buyers where no reply.
- People compete to sell where there is no/little demand and buyers has option to select and push price which lead prices going down and down after each orders.
- 90 days LC will be more difficulties on dicount LC because of banking system.
- Prices fall down below production cost from \$510 to \$350 and keep going down.



# FAIR PRICE OR BANKRUPT EXTRACTORS



- **Buying artemisinin under production cost made bankrupt extractors; some decided to leave the business, some will put production in idle or producing less.**
- **At the conference 2011 in Hanoi, Sanofi/One World confirmed they can not produce semi-synthetic artemisinin and sell under production cost.**
- **Surely, extractors do not want to buy the leaves, extract Artemisinin, and then sell it below the production costs and at a loss**
- **Current price is unsustainable and scary. Extractors and farmers cannot be motivated to grow the plants, produce artemisinin and sell it at loss.**



# 2013 Forecast



- **Farmers decided to change to other foods crop.**
- **Dec-Jan is time for planting Artemisia but very little planted areas and people is considering. Forecast cultivation area will be decreased to one third.**
- **Although the difficulties situation, CAT KHANH is committed to stay long-term in business and keep improve the efficiency, working standards, safety and environment.**
- **Recommend on regular update (e.g. monthly newsletter) to provide clear information on demand/supply.**
- **Need policies to stabilize artemisinin at the fair price which will motivate extractors to maintain the supply level.**

**THANK YOU!**

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