

The European market potential for oleoresins

Oleoresins provide a number of advantages over traditional spices as flavouring agents. They offer food formulators a cheaper option that has stronger pungency than other spices. The European natural food colours and flavours market is expected to continue to grow, presenting an opportunity for suppliers of oleoresins in developing countries.

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1. Product description

Oleoresins are the concentrated forms of herbs and spices. They are resin-like, semi-solid extracts composed of essential or fatty oils. They have pungency and aroma which contribute to the taste of food products. They are obtained by a solvent extraction process from an herb or spice, which is first cleaned and then ground to a required meshing size. Different types of solvents can be used, such as hexane, acetone, ethylene dichloride or alcohol. Extraction is done by percolation of the solvents through ground herbs or spices. The extract is then distilled to remove the excess of solvent, but which exact extraction process is used depends on the type of spice or herb.

Oleoresins provide several advantages over conventional herbs and spices. Oleoresin flavour is about 5–20 times stronger than that of corresponding herbs and spices on a per kilo basis, allowing, for example, 5–10 kg yield of oleoresin to replace the equivalent of 100 kg of black pepper spice.

Oleoresins are also free from microorganisms and enzymes. Oleoresins can be standardised for flavour and have a long shelf life. When compared to essential oils, fewer low flavour notes are destroyed than during steam distillation of the essential oils during the extraction process. Oleoresins also dissolve in fats and oils, and some types of oleoresins contain important flavour notes that are absent in essential oils, however, essential oils are usually stronger in flavour than oleoresins.

In the food sector, the most popular oleoresins include:

- black pepper
- paprika and capsicum
- turmeric
- ginger
- garlic
- jalapeno
- oregano
- rosemary
- thyme

Various oleoresins are used for different applications because of their properties. For example, black pepper oleoresins impart taste and also have antioxidant properties, so they are used in foods and health products. They are also used as a colourant and a food preservative because of their antimicrobial properties. Black pepper oleoresins are produced mainly in India.

Paprika oleoresin is mainly used as a colourant and as a flavouring agent. Capsicum oleoresins have a stronger

taste than paprika oleoresin and are primarily used to add flavour. Capsicum oleoresins are produced in India, some African countries, and China. Paprika oleoresins are produced in India, Spain, Morocco, the US, Mexico, and South Africa. Food products that are coloured with paprika oleoresins include orange juice, cheese, sauces, confectionery and processed meat products.

Turmeric oleoresins contain colouring matter, volatile oil, fatty oil and bitter principles, as well as curcumin and curcuminoids as colouring components. Its colour is usually orange-red, but it can change depending on the pH. Predominantly made in India, turmeric oleoresin is mainly used in fermented foods, sweets, bakery products, dairy products and snacks.

Ginger oleoresin is used in ginger bread, ginger ale, sweets, curry powders, soft drinks, sauces soft and other alcoholic drinks.

Oleoresins have a wide range of applications in the food sector. They are used by food processors to produce drinks, processed meat, sauces, soup powders, curry powders, sweets and noodles.

In Europe, oleoresins are classified according to the Harmonised System (HS), which is the coding system used in international trade. The HS code for oleoresins is 33019030.

Tips:

Review quality standards for oleoresins and spices by various industry associations, such as the [Spices Board India](#) and the [European Spice Association](#).

Review monographs of individual oleoresins, such as [paprika oleoresin](#).

Study scientific literature on oleoresins properties, for example using [ScienceDirect](#), then reference these studies in your marketing materials.

2. What makes Europe an interesting market for oleoresins?

Europe has a robust food processing sector and one of the largest consumer markets in the world. These consumers are paying more attention to the ingredients in their food and beverage products, so there is a growing demand for healthier food and beverage products that contain natural ingredients. This presents an opportunity for suppliers of oleoresins in developing countries.

The European food market is the second largest in the world. According to Food and Drink Europe, the European food and drink market generated almost €1.2 trillion in revenues in 2017, making it the largest manufacturing sector in Europe. European households spend on average nearly 14% of their expenditure on food and drink products. The European organic food and drink more specifically, is also the second largest in the world, growing from €20.9 billion in 2012 to €34.3 billion in 2017, according to Ecovia Intelligence.

The main applications of oleoresins are to impart flavour and colour to food and beverage products. The [European natural food colours and flavours market](#) was valued at US\$1.77 billion in 2018, according to Market Data Forecast. It is projected to grow at a compound annual growth rate of 6.7% between 2018 and 2023, to reach an expected US\$2.45 billion by 2023.

According to industry experts, the demand for natural flavours and colours is increasing in Europe. A major driver of market growth is the growing popularity of clean label food and beverage products. The growing health consciousness of European consumers and their willingness to spend more on high-quality products are

encouraging food manufacturers to replace contentious ingredients. According to a European trader interviewed for this study, the trend towards naturalness in flavourings is expected to continue in the future.

Figure 2: European imports of oleoresins, 2015–2019, values in € thousand, volumes in 1,000 tonnes

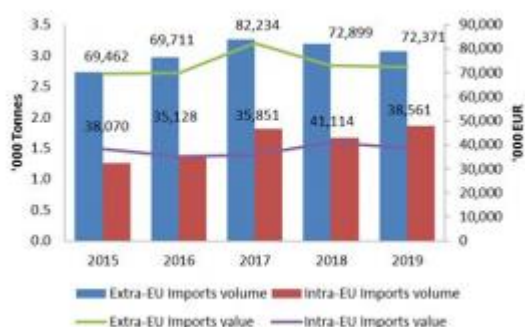


Figure 2 shows imports of oleoresins to Europe has been fluctuating in terms of volume and value. However, it also shows an overall growth trend over the last five years. According to industry traders, the demand for oleoresins is rising in the European market, as European food and beverage formulators are using oleoresins because of their properties and relatively low prices.

The global market for oleoresins was valued at US\$1.44 billion in 2018, according to Grand View Research. The market is forecast to grow at a compound annual growth rate of 4.7% to 2025. Europe accounts for approximately one third of the global market for oleoresins. The major end user in Europe is the food sector, which takes more than half of the European market for oleoresins. At the other end of the value chain, large European flavouring companies have set up direct sourcing projects for oleoresins.

According to European buyers, the most popular oleoresins in Europe are black pepper, paprika and turmeric. Black pepper oleoresin is mainly used in the meat industry, while paprika is used in processed foods because of its colour and taste, and Turmeric is used mainly in processed ethnic foods.

A major threat to the European oleoresins market is uncertainty over the supply of raw materials, which consequently affects the prices of oleoresins, which impacts demand. Factors such as weather and climate change affect the quantity of specific oleoresins in the market, plus the supply is seasonal by nature, so it is subject to variations every year.

Tips:

Supply oleoresins with consistent quality. European buyers deem quality to be the most important requirement when it comes to oleoresins. Organic certification is sometimes seen as a sign of quality.

Visit trade fairs to find European buyers. Examples include [Anuga](#), [FI Europe](#), [Sial](#) for food products, and [Biofach](#) for organic foods.

See the [CBI study on which trends offer opportunities or pose threats in the European natural food additives market](#), which can help you to determine how to position your oleoresins on the European market.

3. Which European countries offer most opportunities for oleoresins?

Countries, such as the UK, Germany, France, the Netherlands, Italy and Spain are the biggest importers of oleoresins in Europe. Western European countries have the largest food markets in Europe. There is also a growing popularity of ethnic food in some countries, such as the UK and France. This offers opportunities to exporters of oleoresins in developing countries because oleoresins, such as turmeric oleoresin, are increasingly used in ethnic foods. This trend is expected to continue in the coming years. You can capitalise on this opportunity by targeting manufactures of ethnic foods, in particular in the UK and France.

Table 1: European Imports of oleoresins HS code 33019030, 2015-2019

2019	Volume in 1,000 tonnes	% Volume Change (2015-2019)	Value in € millions	% Value Change (2015-2019)	Exporters	Important Market Players	
United Kingdom	7,895	-7%	18.2	6%	India (58.5%), France (15.1%), China (7.4%)	British Pepper and Spices, Frutarom	
Germany	7,316	10%	14.3	-31%	India (41%), Netherlands (23.1%), China (9.5%)	Doelher, Symrise, Henry Lamotte Oils GmbH, Fuchs	
Netherlands	7,051	102%	14.2	44%	India (59.4%), Belgium (15.7%), Sri Lanka (7%)	Holland Ingredients B.V., De Lange, Will & CO	
France	6,675	120%	21.4	9%	India (70.8%), Germany (8%), China (7.1%)	Givaudan, Mane, Anec France	
Italy	3,666	318%	2.4	-3%	The UK (72%), Germany (9.5%), Netherlands (8.8%)	Marco Bellati, Esperis SpA, L.R. Flavours & Fragrances Industries S.p.A	

Spain	6,467	49%	13.1	28%	China (66.8%), India (15.5%), UK (11.4%)	Diego Pérez Riquelme e Hijos, Evesa	
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Source: Eurostat

UK

The UK is one of the leading importers of oleoresins in Europe. Table 1 shows that the volume of imports declined slightly in the last five years, but value has increased, because of the volatility of oleoresins prices.

The UK food and beverage sector was valued at €114 billion in 2018. The already robust food processing sector in the UK is [expected to increase](#) further in value in the coming years, while the growing popularity of ethnic cuisines makes one of the drivers of the demand for oleoresins in the UK.

The popularity of organic foods in the UK is also growing every year. The British [organic food market](#) was valued at €2.3 billion in 2018, the sixth largest in Europe. The major driver for organic foods is the rising demand for healthier and high-quality food products. Leading importers of oleoresins in the UK include [British Pepper and Spices](#), [Phoenix Products](#), [Camstar Herbs Ltd](#) and Frutarom.

Britain's exit from the EU (Brexit) poses a major hurdle for potential suppliers of oleoresins to the UK in developing countries. A possible no-deal scenario with the EU would likely to cause a major disruption in supply chains of oleoresins. In assessing the UK market for oleoresins, suppliers in developing countries should keep up to date on Brexit developments and take advantage of the growing popularity of ethnic cuisines in the UK market.

Germany

Table 1 shows Germany is the second-biggest importer of oleoresins in Europe. Between 2015 and 2019, the volume of oleoresins imported to Germany increased at a double-digit rate. According to feedback from the industry, demand for oleoresins in the German market is expected to continue. Germany has a large food processing sector and manufacturers choose oleoresins because of their properties.

The value of oleoresins imported to Germany has decreased significantly in the last five years. The reason behind this is higher imports of oleoresins of lower prices. The decreasing price of pepper in 2018 and 2019 also contributed to the lower price of oleoresins. The value of imports was more or less stable between 2015 and 2017 and started decreasing from 2018 onwards. Between 2018 and 2019 the value of imported oleoresins decreased by 20%.

Germany has the second-largest food and drink market in Europe. In 2016, the German food and drink industry generated €171.3 billion in revenues, having as important sectors meat and meat processing, dairy, confectionery, bakery and alcoholic beverages. Germany is the third-largest exporter of food products in the world and a major re-exporter of oleoresins in Europe.

Germany also has the largest organic food market in Europe, valued at €10 billion in 2017. German consumers have high awareness and willingness to pay for high-quality products. According to industry experts, there is growing demand for organic oleoresins in Germany.

Leading importers of oleoresins include [Doehler](#), [Symrise](#), [Henry Lamotte Oils GmbH](#), Fuchs, and Rütter Gewürze GmbH.

The German meat processing sector creates an opportunity for suppliers of oleoresins in developing countries, especially for paprika and black pepper oleoresins.

Netherlands

Table 1 shows that Dutch imports of oleoresins have increased at a triple-digit growth rate between 2015 and 2019. According to feedback from the industry, imported volumes have gone up because of increasing demand in Europe.

The value of oleoresins imports has been growing steadily between 2015 and 2019, but less than the increase in volumes in the last two years because an oversupply in the global market brought the price of black pepper down in 2018.

According to the Dutch Food Economic Report 2018, the output of the Dutch food and drink sector was €58 billion in 2017. The meat and dairy processing industries are the most important in this sector of the Dutch economy. Important oleoresins importers include [Holland Ingredients B.V.](#), [De Lange](#) and [Will & Co.](#)

The Netherlands offers an opportunity for oleoresins exporters in developing countries as it is an entry point for ingredients into Europe, a position the country is expected to maintain in the coming years.

France

Table 1 shows how imports of oleoresins to France have grown. Volume increased by more than 100% between 2015 and 2019. France has the biggest food and drink market in Europe in terms of turnover, generating €179.8 billion in revenues in 2017. France is the sixth-largest food exporter in the world, and the most important sectors in the French market are meats, dairy products, beverages and confectionary.

Valued at €7.9 billion, the French organic food market is the second largest in Europe. Demand for organic food in France is expected to continue, since organic food and drink manufacturers tend to favour using natural and organic ingredients in their products.

French importers of oleoresins include [Givaudan](#), [Mane](#), as well as [Anec France](#). Larger flavour houses usually source directly. France is also an important re-exporter of oleoresins to other European countries.

Exporters of oleoresins in developing countries should target French importers, while organic oleoresins specifically present an opportunity in the French market.

Italy

According to Eurostat data in Table 1, Italian imports of oleoresins grew at a triple-digit growth rate in the last five years. Italian food processors increasingly use Oleoresins. Italian imports come mainly from other European countries. It may be therefore not be possible for exporters of oleoresins in developing countries to export directly to Italian companies.

The value of imported oleoresins has been more or less stable in the last 5 years, however, volume increased quite significantly between 2015 and 2019. Prices of imported oleoresins in Italy dropped significantly in the last five years, on average by 70% between 2015 and 2019, due to increasing imports of cheaper oleoresins, such as paprika.

Italy has the third-largest food and beverage market in Europe, worth €133.1 billion. Italian food processing is dependent on imports of food ingredients, and the most important food sectors in the country are bakery products, dairy products, processed meats, and seafood.

The Italian organic food market is the third largest in Europe, valued at €3.1 billion in 2018. A major driver is increasing consumer demand for high-quality, premium products. Italian oleoresins traders include [Esperis SpA](#),

Italian bakery and the meat processing sectors present opportunities for exporters of oleoresins in developing countries. However, most Italian importers source oleoresins from other European countries. Organic oleoresins are also in demand in Italy.

Spain

Table 1 shows that imports of oleoresins have been increasing in Spain since 2015. Import volume and value have increased at double-digit growth rates, with most of the imports coming from developing countries, such as India and China.

Spain has the fifth-largest food and drink market in Europe. According to the Spanish Federation for the Food and Beverage Industry, the Spanish food industry generated €102 billion in revenues in 2017. The organic food and drink market is now worth more than €1 billion and the potential for further growth is high. Spanish importers of oleoresins include [Diego Pérez Riquelme e Hijos](#) and [Evesa](#).

The value of Spain's oleoresins imports increased between 2015 and 2017 by 33% due to increasing volumes and changing prices. Value dropped in 2018, but grew again in 2019, with a shift towards more expensive oleoresins in 2019.

Exchange rates also affect the prices of imported oleoresins, but still, western European countries are the biggest importers of oleoresins in Europe. The UK is the leading importer of oleoresins in Europe and also an important re-exporter to other European countries. Other countries, such as France and Germany have robust flavour processing sectors that offer opportunities for developing country exporters.

Tips:

Target countries such as Germany, France and Italy if you export organic oleoresins because these countries have the biggest organic food and drink markets in Europe.

Stay up to date on the developments regarding Brexit. You can visit [UK government website](#) or [CBI](#) for more information.

Target countries with the biggest food processing sectors, including Germany, France, Netherlands, Italy, UK and Spain because these countries require large volumes of oleoresins.

4. Which trends offer opportunities on the European oleoresins market?

The demand for oleoresins is mainly driven by the popularity of ethnic cuisine in Europe. Consumers are getting more familiar with exotic flavours and ethnic food products, while European food manufacturers are using more oleoresins in their product formulations. However, demand for oleoresins is constrained by the unstable supply of raw materials, which will continue to limit demand in the coming years.

Growing popularity of ethnic cuisines

According to industry sources, the main driver of demand for oleoresins in Europe is the rising popularity of ethnic cuisines in Europe. This trend is prevalent mainly in western European countries, such as the UK and France. As European consumers become more cosmopolitan, they eat more ethnic foods. Another factor is the growing immigrant and expatriate population in Europe. Some consumers are also eating more ethnic foods for health reasons.

This trend is expected to continue in the coming years. The growing interest in ethnic cuisines presents an opportunity for exporters of oleoresins in developing countries. Food manufacturers are replacing traditional spices with oleoresins because they provide many advantages over herbs and spices. The Indian exporter of oleoresins [Plant Lipids](#) has tapped into this trend marketing its oleoresins for use in ethnic cuisines, such as an ingredient in ready-to-eat or pre-cooked noodles.

Tips:

Target western European countries, such as the UK and France, where the popularity of ethnic cuisines is relatively high. Buyers in these countries may demand specific oleoresins, such as turmeric.

Find out how your oleoresins can be used in ethnic cuisines, by reading the [forms, functions and applications of spices](#) chapter of the *Handbook of Spices, Seasonings and Flavorings*.

Target buyers that supply food companies that make ethnic food products.

Unstable supply of raw materials a threat to oleoresin production

The production of oleoresins is affected by the unreliable supply of raw materials. Some spices, such as turmeric have been affected by climate change in recent years. Factors such as a prolonged dry season, high rainfall and humidity, and changes in sunshine hours affect the harvest of many spices, such as black pepper, cardamom, coriander, cumin and vanilla. This also raises prices of spices, making it more difficult for oleoresin producers to source them as raw materials.

The COVID-19 pandemic has also negatively affected the supply of spices. Lockdown measures and emergency measures introduced by governments have disrupted the global supply chain of spices. It is expected that the situation will eventually return to some degree of normalcy, however, the pandemic has highlighted the fragility of herbs and spices supply chains.

This trend is a threat to oleoresin production. Unreliable supply chain and subsequent price increases dampen demand for oleoresins. With climate change increasingly affecting the harvest of herbs and spices in the near future, this trend is expected to have a negative impact on oleoresin supply.

Tips:

Visit and review the information on the ITC Market Access Map [COVID-19 Temporary Trade Measures](#) for the latest information on trade measures imposed by governments globally, which gives you the latest information on restrictions in your country and the country you are seeking to export to.

Before agreeing terms with European buyers, carefully assess and factor the effects COVID-19 is likely to have, such as longer delivery times and unexpected delays.

See [the CBI study on the demand for spices and herbs in the European market](#) for more information on the demand for spices in Europe.

This study has been carried out on behalf of CBI by [Ecovia Intelligence](#).

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