What is the demand for natural ingredients for cosmetics on the European market?

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The European cosmetics market presents good opportunities for exporters of natural ingredients from developing countries. Demand for natural ingredients from the European cosmetics sector is increasing. Growing consumer awareness of natural cosmetics and the desire of cosmetics companies to replace synthetic ingredients with natural variants are the main drivers of this growth. The top six products, in terms of opportunities for developing countries, are shea butter, coconut oil, avocado oil, frankincense essential oil, patchouli essential oil and liquorice extract.

Contents of this page

1. What makes Europe an interesting market for natural ingredients for cosmetics?

Europe has the largest cosmetics market in the world, presenting good opportunities for ingredient exporters in developing countries. Demand for natural ingredients used in cosmetics and toiletries is growing, a trend expected to continue into the future.

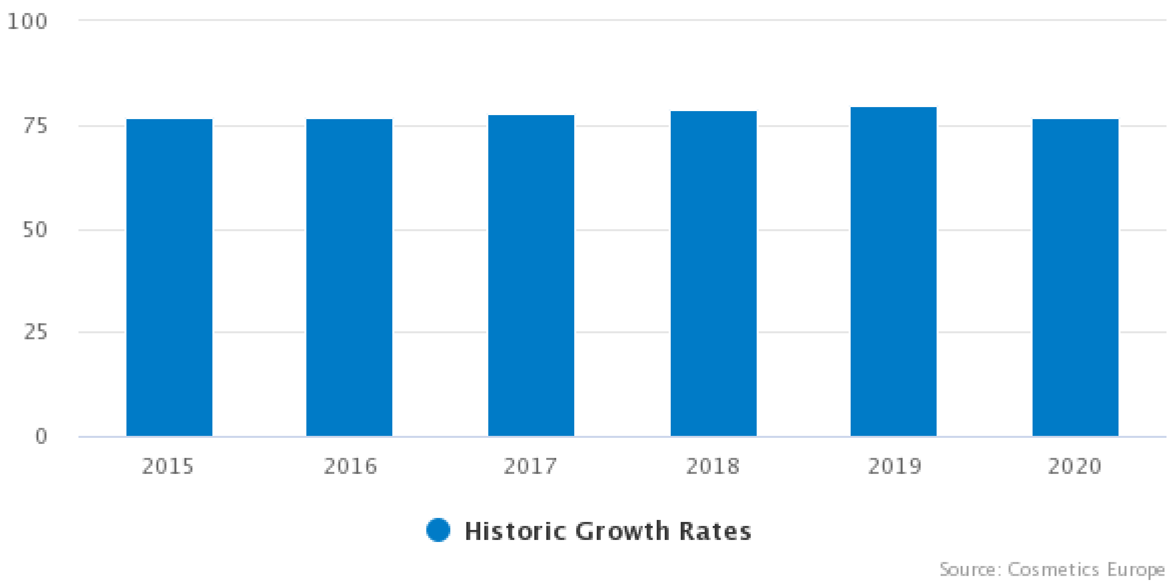
Natural ingredients are increasingly used in conventional cosmetics and personal care products. Companies are replacing synthetic chemicals with natural ingredients, partly because of consumer demand and partly because of a move towards sustainable raw materials. This trend is described in the CBI trends report on natural ingredients for cosmetics.

Thanks to its large consumer population, Europe’s cosmetics market is expected to continue to grow in the future and maintain its leading position in the coming years. However, the cosmetics markets in Asia and Latin America are also showing significant growth. Increasing disposable income in developing countries, such as India, China, Brazil and countries in Southeast Asia, has been sustaining growth in these markets.

Figure 1 shows that the personal care market in Europe grew at a steady rate from 2015 to 2019. However, the market contracted in 2020 because of the impact of the COVID-19 pandemic. Growth is expected to resume in 2021 barring any long-term impacts of the COVID-19 pandemic.

Figure 1: Historic Growth Rates for the European Cosmetics Market

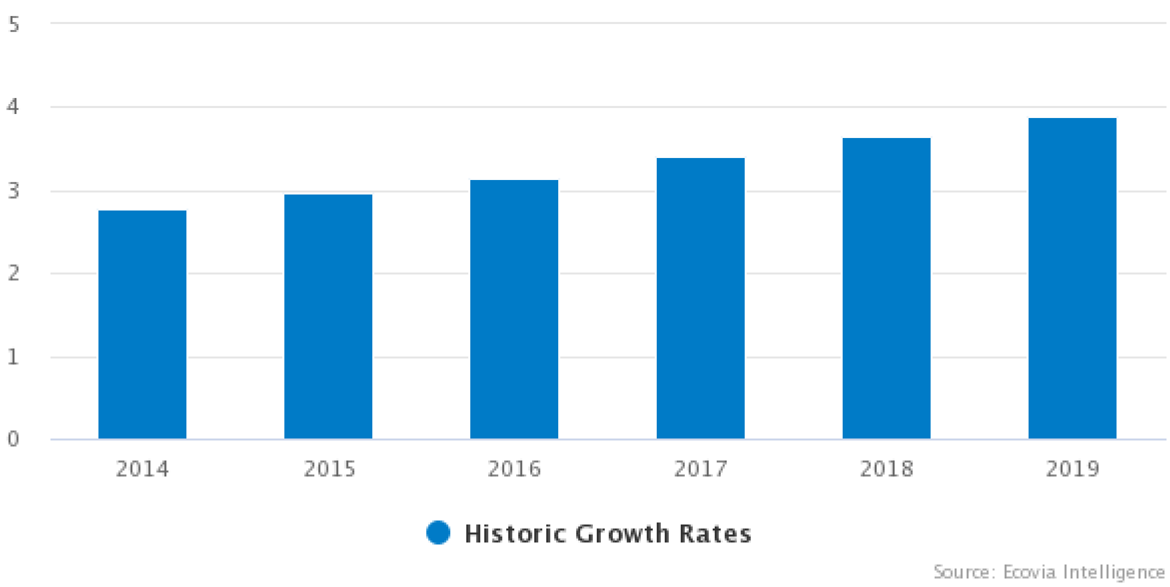
in € billion



Cosmetic products increasingly use natural ingredients. Consumer concerns about synthetic chemicals in cosmetics and toiletries are helping to support this demand. Research shows that consumers are avoiding chemicals such as parabens, phthalates and sodium lauryl sulphate, as they are concerned about associated health risks. Consumers view natural ingredients as safer for human health and the environment. A growing number of cosmetics companies are therefore replacing synthetic chemicals with natural ingredients. This trend is driving the demand for natural and organic personal care products in Europe.

Figure 2: Historic Growth Rates for European Market for Natural Cosmetics

in € billion



Natural cosmetics are defined as products made from natural ingredients, containing minimal levels of synthetic substances, such as petrochemicals and parabens. According to this definition, the European natural cosmetics market was valued at €3.9 billion in 2019; this is a market share of 5% of the European cosmetics market. However, the European natural cosmetics market is growing faster than the overall cosmetics market.

Figure 2 shows historic growth rates for the European market for natural cosmetics. Ecovia Intelligence projects the market will grow at a healthy single-digit rate from 2021 to 2025. Consumer demand for cosmetics and toiletries that avoid contentious chemicals is expected to help fuel market growth. Robust demand for natural ingredients provides opportunities for potential suppliers in developing countries.

According to feedback from European buyers, organic certification is in demand for natural ingredients, mainly in Western Europe. The COVID-19 pandemic has stimulated demand for certain types of products, as well as natural ingredients for cosmetics. According to an exporter of natural ingredients in India, "*the demand has increased for* Aloe vera*, because* Aloe vera *is also used in sanitizers*." Certain products such as soaps also saw an increase in demand during the COVID-19 pandemic.

Fair trade certification is also becoming popular among European cosmetics manufacturers as well as buyers of natural ingredients for cosmetics. This is expected to continue because it relates to various environmental and social attributes of sustainability, something European consumers are increasingly demanding.

Tips:

Look into the criteria to get ingredients certified as natural or organic, as this is likely to increase your chances of entering the European market. The most popular standards in Europe are COSMOS and NATRUE.

Identify a certification body in your country that provides COSMOS and NATRUE certification. Buyers also see these European standards as a sign of quality. Once certified, your ingredients are likely to get premium prices in the market. Ensure you use appropriate logos and labels on your marketing materials.

Consider acquiring certification proving you meet and uphold organic and social standards as well as environmental standards, as these are becoming increasingly popular on the European market. Examples include European Union (EU) Organic, Ecocert Organic, Ecocert Fair Trade, Fair for Life and Fair Wild certifications.

Research current market developments on the European cosmetics market. For example, the ageing European population will drive anti-ageing skincare segment sales. Review the CBI study Exporting anti-ageing extracts to Europe for more information on this topic.

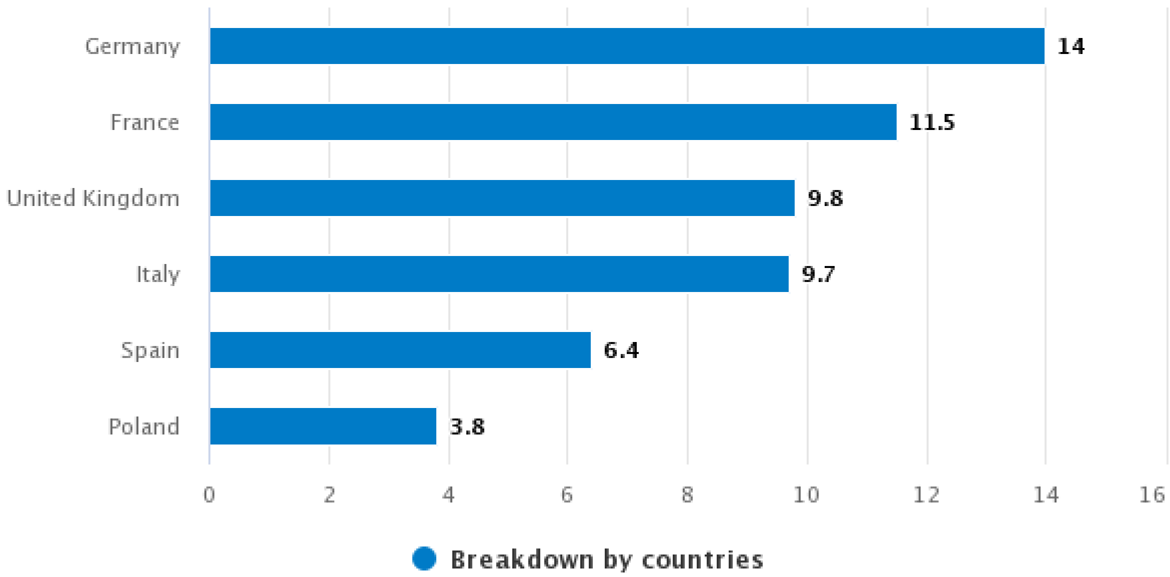
Focus on building long-term relationships with European buyers and ensure you communicate this to them. Although growth may be slow in the cosmetics market overall, Europe is expected to have the largest cosmetics markets in the world.

The European cosmetics market

The European cosmetics market is quite diverse. Demand for natural ingredients comes from large conventional cosmetics companies, contract manufacturers and dedicated natural cosmetics companies, as well as formulators and product developers.

Figure 3: Leading European markets for cosmetics 2020

in € billion



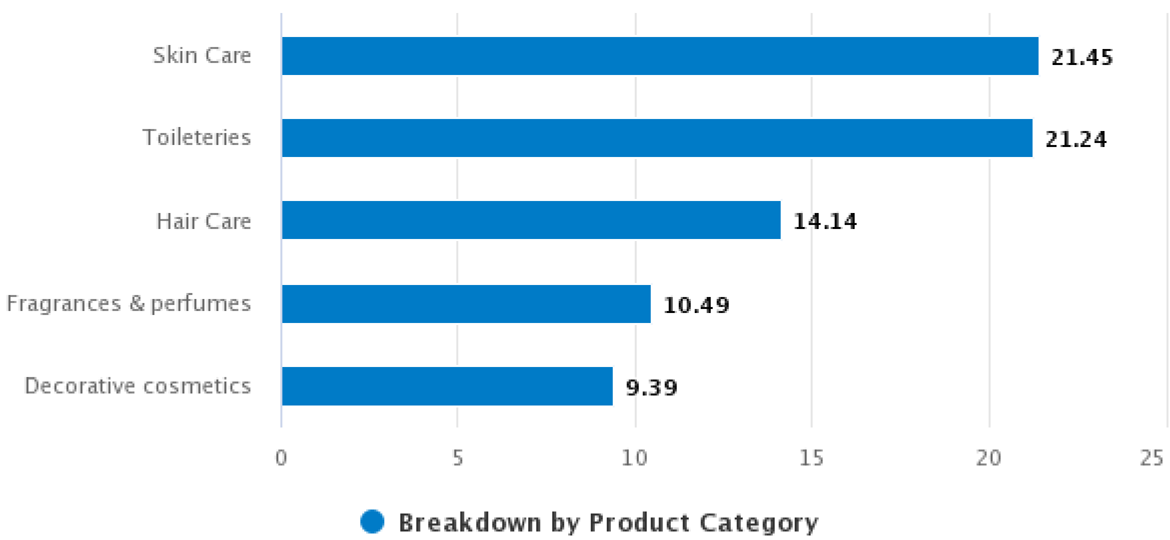
Source: Cosmetics Europe

Figure 3 shows the largest cosmetics markets in Europe. Germany leads with a market size of €14 billion. France has the second-largest market, valued at €11.5 billion.

The UK and Italy have the third and fourth-largest cosmetics markets, worth €9.8 billion and €9.7 billion respectively. Despite being the third-largest market, most cosmetic products sold in the UK are produced in mainland Europe, so raw materials, including natural ingredients, are not used as much in the UK. The ramifications caused by Brexit (Britain's exit from the European Union) raises questions about future developments in the UK cosmetics industry.

Figure 4: Leading product categories in European cosmetics market, 2020

in € billion



Source: Cosmetics Europe

The European cosmetics market offers good opportunities for natural ingredient exporters in developing countries. Figure 4 shows demand is highest in the skin care, toiletries and hair care product categories.

Skin care is the most important product category, in which a wide range of products use natural ingredients. Commonly used ingredients include vegetable oils with functional or active properties for body and face products. Essential oils are mainly used as fragrances. Various plant-based extracts are also used for their active properties.

The hair care product category is the third-largest product category in terms of value and is the second-most important category for natural ingredients. Vegetable oils and botanicals in this category offer opportunities because of their active properties. Argan oil, coconut oil and *Aloe vera* are used in haircare products because of their nourishing and emulsifying properties.

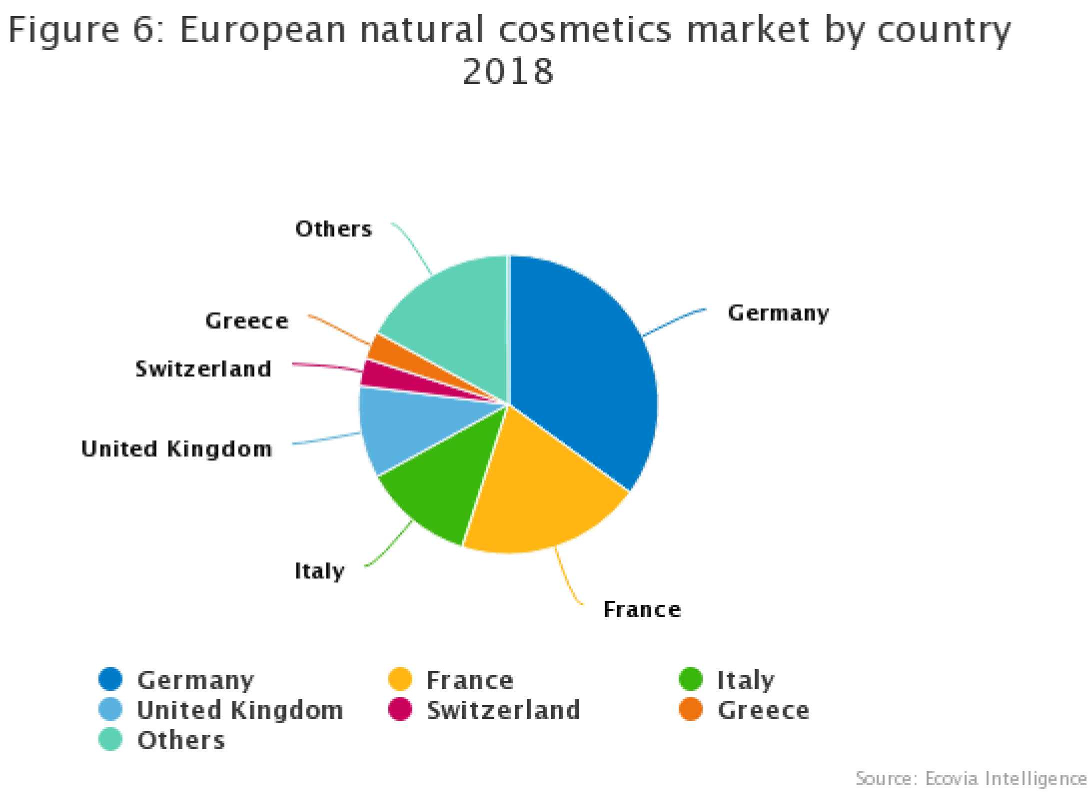
Other product categories, such as colour cosmetics, toiletries and perfumes make less use of natural ingredients in comparison. Nonetheless, a growing number of products in these categories use natural ingredients. For instance, natural ingredients such as vegetable oils, colourants, essential oils and botanicals are used in soaps, colour cosmetics and deodorants.

Natural ingredient exporters should target producers of skincare products, toiletries and haircare products. These three categories represent almost 75% of total cosmetics sales in Europe.

Figure 5: Cosmetic products available on the European market

Source: Various

Figure 6 shows the leading country markets for natural (and organic) personal care products. It shows that the biggest country markets are Germany, France, Italy and the UK. These countries comprise almost 80% of the European natural and organic personal care products market. Other countries have a market share of less than 10%. Switzerland and Greece have a 3% market share each.



Tips:

For more information on trends in the cosmetics industry in Europe, look into the reports published by Cosmetics Europe.

Make sure to research the cosmetics markets of individual European countries. For more information, visit the websites of cosmetics associations, such as IKW, FEBEA, CTPA, Cosmetica Italia and STANPA.

Read the European Commission's economic forecasts to stay up to date on country economic forecasts.

Read the CBI requirements study on requirements for natural ingredients for cosmetics to learn about the regulations that natural ingredients must comply with to enter the European market.

2. Which European markets offers most opportunities for natural ingredients for cosmetics?

Germany and France are considered the best prospective European markets for exporters of natural ingredients. These two countries have the largest consumer markets for cosmetics in Europe and are also major production centres. Many conventional and natural cosmetics companies are based in Germany and France. After these two countries, the UK and Italy are the most attractive country markets.

Spain has the fifth-largest personal care products market in Europe; it is also a leading importer of natural ingredients for cosmetics. The Netherlands is a significant entry point for raw materials to Europe. The six most prospective country markets for exporters of natural ingredients from developing countries are the leading importing countries of natural ingredients and not necessarily the biggest markets. As a result, these countries have been included in this section.

Germany

Table 1: Imports of natural ingredients for cosmetics to Germany

2020	000 Tonnes	% Change Volume (2016-2020)	m EUR	% Change Value (2016-2020)	Cosmetics Market 2020	Natural and Organic Cosmetics Market 2019
Vegetable saps and extracts	57.7	3.0%	523.9	30.0%	EUR 14 billion	EUR 1.4 billion
Coconut, palm kernel and babassu oil	516.1	-11.0%	420.9	-36.0%		
Fixed vegetable fats and oils	28.4	33.0%	109.6	6.0%		
Colouring matter of vegetable and animal origin	5.0	-5.0%	95.5	5.0%		
Plants and parts of plants	70.9	9.0%	318.4	40.0%		
Essential oils and oleoresins	5.0	16.0%	153.1	3.0%		

Source: Eurostat, Cosmetics Europe, Ecovia Intelligence

Table 1 shows imports of selected natural ingredients for cosmetics to Germany from 2016-2020. Import volumes increased in all categories apart from coconut, palm kernel and babassu oil and colouring matter of vegetable and animal origin. Over the same period, the value of imports increased in all categories apart from coconut, palm kernel and babassu oil.

Germany is the European leader in natural cosmetics. Its €1.4 billion market gives Germany a 35% share of Europe’s total market. Natural products comprise almost 10% of total cosmetics sales in Germany. Natural and organic cosmetics have been established in the German market for decades now.

Distribution is a major factor behind the high market share of natural cosmetics in Germany, as these products are sold in a wide range of retail and non-retail outlets. Unlike other countries, a large share of natural cosmetics are sold in drugstores and pharmacies. Organic food shops, health food retailers, department stores and beauty retailers are also important channels.

Germany has a robust processing sector for cosmetics. Beiersdorf is the most important cosmetics company. Important natural and organic cosmetics companies include Lavera, Logona (L’Oréal), Dr. Hauschka and Primavera Life. The Swiss natural cosmetics company Weleda also has a manufacturing facility in Germany.

Some of these companies source natural ingredients directly from developing countries. For instance, Primavera Life is a producer of natural cosmetics and essential oils. The company uses a wide range of essential oils in its products, including lemongrass from Bhutan and Nepal, cajeput from Cambodia and lemon verbena and myrtle from Peru.

Germany is also a leading importer of raw materials for cosmetics. According to exporters of natural ingredients for cosmetics in developing countries, ingredients such as vegetable oils, essential oils and botanical extracts are in high demand in Germany.

There is high demand for organic ingredients on the German market. Some traders in Germany specialise solely in organic ingredients. SanaBio GmbH is an example. Suppliers of natural ingredients for cosmetics are advised to target German buyers when supplying organic ingredients.

France

Table 2: Imports of natural ingredients for cosmetics to France

2020	000 Tonnes	% Change Volume (2016-2020)	m EUR	% Change Value (2016-2020)	Cosmetics Market 2020	Natural and Organic Cosmetics Market 2019

Vegetable saps and extracts	35.4	-8.0%	276.9	13.0%	EUR 11.5 billion	EUR 804 million
Coconut, palm kernel and babassu oil	71.3	-2.0%	72.0	-15.0%		
Fixed vegetable fats and oils	50.4	-15.0%	132.4	-14.0%		
Colouring matter of vegetable and animal origin	5.3	27.0%	67.5	26.0%		
Plants and parts of plants	19.4	2.0%	94.1	28.0%		
Essential oils and oleoresins	7.8	25.0%	233.3	-2.0%		

Source: Eurostat, Cosmetics Europe, Ecovia Intelligence

Table 2 shows imports of selected natural ingredients for cosmetics to France. Import volumes showed an increase in all categories apart from vegetable saps and extracts and coconut, palm kernel and babassu oil between 2016 and 2020. The volumes of imported coconut oil, palm kernel oil and babassu oil decreased in the last five years because of a shift in demand to other European countries.

France has the second-largest conventional and natural cosmetics market in Europe, valued at EUR 11.5 billion and EUR 804 million, respectively. The French market is characterised by a large number of French brands — more than 100 — and an emphasis on sourcing raw materials locally.

Some of the major cosmetics companies in France are L'Oréal, Groupe Rocher, Laboratoire Nuxe, Bioderma Laboratories and Pierre Fabre. France has a sizeable natural and organic cosmetics market. Major natural and organic cosmetics companies in France include L'Occitane, Caudalie, Léa Nature Group, Cattier Laboratoires and Nature et Strategie. French consumers have high awareness of and demand for high-quality products. Large multinationals have entered the French natural cosmetics market. For instance, L'Oréal has launched several new natural products in the last five years. Garnier Organic was launched in February 2019, and the Botanēa hair colour line was introduced in 2018. Raw materials for the Botanēa line are sustainably sourced from India.

France is a prospective target country for exporters of natural ingredients for cosmetics, as it has a robust processing sector. Certified organic ingredients are also in high demand.

The Netherlands

Table 3: Imports of natural ingredients for cosmetics to the Netherlands

2020	000 Tonnes	% Change Volume (2016-2020)	m EUR	% Change Value (2016-2020)	Cosmetics Market 2019*	Natural and Organic Cosmetics Market 2019*
Vegetable saps and extracts	32.6	30.0%	165.3	44.0%	EUR 2.8 billion	EUR 72 million
Coconut, palm kernel and babassu oil	565.0	4.0%	429.8	-32.0%		
Fixed vegetable fats and oils	61.1	9.0%	133.9	16.0%		
Colouring matter of vegetable and animal origin	14.6	60.0%	129.6	56.0%		
Plants and parts of plants	14.9	34.0%	69.2	52.0%		
Essential oils and oleoresins	14.5	15.0%	199.5	34.0%		

Source: Eurostat, Cosmetics Europe, Ecovia Intelligence
*latest data available

Table 3 shows that the volume of imports to the Netherlands increased in all categories between 2016-2020. Over the same period, the value of imports increased in all categories apart from coconut, palm kernel and babassu oil. According to Eurostat 2020 data, the Netherlands was the largest importer of coconut, palm kernel and babassu oil and fixed vegetable fats and oils to Europe.

The Netherlands is an important entry point for natural ingredients to Europe. Tradin Organic and IMCD are some of the largest traders of natural ingredients for cosmetics in Europe.

Exporters of natural ingredients in developing countries should target Dutch importers, which usually re-export to other European countries. It is likely that the Netherlands will remain an important export destination for natural ingredients for cosmetics in the future, due to its strategic position as an entry point for raw materials into Europe.

Italy

Table 4: Imports of natural ingredients for cosmetics to Italy

2020	000 Tonnes	% Change Volume (2016-2020)	m EUR	% Change Value (2016-2020)	Cosmetics Market 2020	Natural and Organic Cosmetics Market 2019

Vegetable saps and extracts	21.7	17.0%	151.2	10.0%	EUR 9.7 billion	EUR 504 million
Coconut, palm kernel and babassu oil	135.7	31.9%	113.5	-7.0%		
Fixed vegetable fats and oils	17.7	27.9%	51.2	21.0%		
Colouring matter of vegetable and animal origin	8.3	0.9%	66.5	30.0%		
Plants and parts of plants	12.5	0.1%	71.7	-3.0%		
Essential oils and oleoresins	1.2	10.5%	15.1	9.0%		

Source: Eurostat, Cosmetics Europe, Ecovia Intelligence

Table 4 shows that the volume of Italian imports increased in all categories between 2016-2020. Over the same period, the value of imports increased in all categories apart from coconut, palm kernel and plants and parts of plants.

The Italian market is in third place in Europe. Valued at EUR 425 million, it is also characterised by a large number of domestic brands, many of which are small companies that focus on the Italian market.

There is also growing demand for natural and organic cosmetics. Italian consumers are becoming more aware of the environmental impact of cosmetics ingredients. Leading natural and organic companies include L’Erbolario, Helan, ISMEG, Lacote and Bema Cosmetici. The Italian natural and organic cosmetics market has been growing at a healthy rate for many years.

Herbalist shops and organic food shops are important sales channels for natural cosmetics in Italy. Few natural cosmetics brands have made inroads in supermarkets, hypermarkets and mass market retailers. The professional channel, including hair salons and spas, is important for Italian brands such as Oway.

Italy is a prospective country market for exporters of natural ingredients in developing countries, because of its size and big processing sector. As the demand for natural and organic cosmetics is increasing in Italy, exporters of organic ingredients should target this market.

The UK

Table 5: Imports of natural ingredients for cosmetics to the UK

2019*	000 Tonnes*	% Change Volume (2015-2019)*	m EUR*	% Change Value (2015-2019)*	Cosmetics Market 2020	Natural and Organic Cosmetics Market 2019
Vegetable saps and extracts	34.8	83.30%	188.7	18.60%	EUR 9.8 billion	EUR 384 million
Coconut, palm kernel and babassu oil	60.4	4.92%	66.0	-20.27%		
Fixed vegetable fats and oils	25.3	147.71%	62.6	48.12%		
Colouring matter of vegetable and animal origin	6.5	26.71%	68.7	10.17%		
Plants and parts of plants	10.3	156.22%	30.7	80.58%		
Essential oils and oleoresins	10.8	-24.78%	228.4	-12.70%		

Source: Eurostat, Cosmetics Europe, Ecovia Intelligence
*latest data available

Imports of fixed vegetable fats and oils and vegetable saps and extracts increased the most between 2015 and

2019. The UK is a leading importer of butters, such as shea butter for personal care products. Imports of essential oils decreased in volume and increased in value, due to increased imports of some value-added essential oils to the UK.

The UK natural cosmetics market is valued at EUR 360 million. Despite being one of the largest natural cosmetics markets in Europe, the uncertainty caused by Brexit raises questions about future developments. For more details about Brexit effects, see the CBI report on trends in natural ingredients for cosmetics.

Organic food shops and pharmacies are important sales channels for natural cosmetics in the UK. Supermarkets and mass market retailers are not important channels for natural cosmetics.

Unilever and Elemis are two leading cosmetics companies. Unilever launched its Love, Beauty and Planet brand of sustainable cosmetics in 2017. The natural and organic cosmetics market is showing healthy growth. Leading UK natural and organic brands include Neal's Yard Remedies, REN Skincare (Unilever), The Organic Pharmacy and Faith in Nature. The leading UK brand, Neal's Yard Remedies, has set up supply chains for many of its essential oils and raw materials. Examples include palmarosa from Uganda, chiuri butter from Nepal, frankincense from Oman, geranium oil from the Democratic Republic of Congo and avocado oil from Kenya.

Spain

Table 6: Imports of natural ingredients for cosmetics to Spain

2020	000 Tonnes	% Change Volume (2016-2020)	m EUR	% Change Value (2016-2020)	Cosmetics Market 2020	Natural and Organic Cosmetics Market 2019

Vegetable saps and extracts	20.5	-11.6%	200.6	32.0%	EUR 6.4 billion	EUR 96 million
Coconut, palm kernel and babassu oil	92.4	43.8%	73.8	-2.0%		
Fixed vegetable fats and oils	20.4	105.3%	54.6	186.0%		
Colouring matter of vegetable and animal origin	4.8	16.2%	84.7	1.0%		
Plants and parts of plants	25.4	-24.1%	85.9	27.0%		
Essential oils and oleoresins	4.6	-4.9%	84.2	0.0%		

Source: Eurostat, Cosmetics Europe, Ecovia Intelligence

Table 6 shows that the volume of Spanish imports increased in all categories apart from vegetable saps and extracts, plants and parts of plants and essential oils and oleoresins between 2016-2020. However, the value of imports increased in all categories apart from coconut, palm kernel and babassu oil during the same period.

Spain is the fifth-largest cosmetics market in Europe. Imported natural ingredients for cosmetics to Spain are often re-exported to other European countries. Spain is used as an entry point because of its closer proximity to exporting countries.

There is a growing demand for natural and organic cosmetics in Spain. Some of the leading domestic players include Disna and Alqvimia. The demand for natural and organic personal products is also increasing annually.

Exporters of natural ingredients in developing countries should target the Spanish market because it has a large cosmetics industry, and there is high demand for natural raw materials.

Tips:

Focus on Western Europe when targeting natural and organic cosmetics companies. The markets in Central and Eastern Europe are relatively small, but Poland has the market with the most prospects among these countries.

Approach importers of raw materials if you want to supply to natural and organic cosmetics companies. Most importers are small and medium-sized firms that buy ingredients from specialised ingredient firms. Examples of such companies include Henry Lamote, IMCD and Surfachem.

Stay up to date on natural and organic cosmetics markets using Ecovia Intelligence reports and other sources, including NATRUE and organic-market.info.

For more information, see also the sites of CTPA and the Confederation of British Industry.

3. Which products from developing countries have most potential on the European natural ingredients for cosmetics Market?

Demand for natural ingredients from the cosmetics sector in Europe is growing. A wide range of natural ingredients are used in cosmetic applications.

The top six in terms of opportunities are shea butter, coconut oil, avocado oil, frankincense essential oil, patchouli essential oil and liquorice extract. These six products will be discussed in this chapter.

You can find an extensive (but not exhaustive) list of natural ingredients used in cosmetics and care products in the annex to this study. This list contains names, INCI (International Nomenclature Cosmetic Ingredient) names and country of origin of natural ingredients used in cosmetics.

Shea Butter

Shea butter is a prospective natural ingredient for cosmetics for exporters in developing countries that want to target the European market. According to the Global Shea Alliance, around 85% of shea butter is used in the food sector and the rest in the personal care sector. The share of the cosmetics sector has increased in the last few years and it is expected that this trend will continue in the future. Shea grows in the area of the African shea belt, which includes mainly Western African countries. These include Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Ethiopia, Eritrea, Ghana, Guinea Bissau, Ivory Coast, Mali, Niger, Nigeria, Senegal, Sierra Leone, South Sudan, Sudan, Togo, Uganda, Democratic Republic of the Congo, Kenya and Guinea.

Figure 7 shows the major producers of shea kernels between 2015 and 2019. It is shown that Nigeria and Mali were the biggest suppliers of shea kernels in 2019.

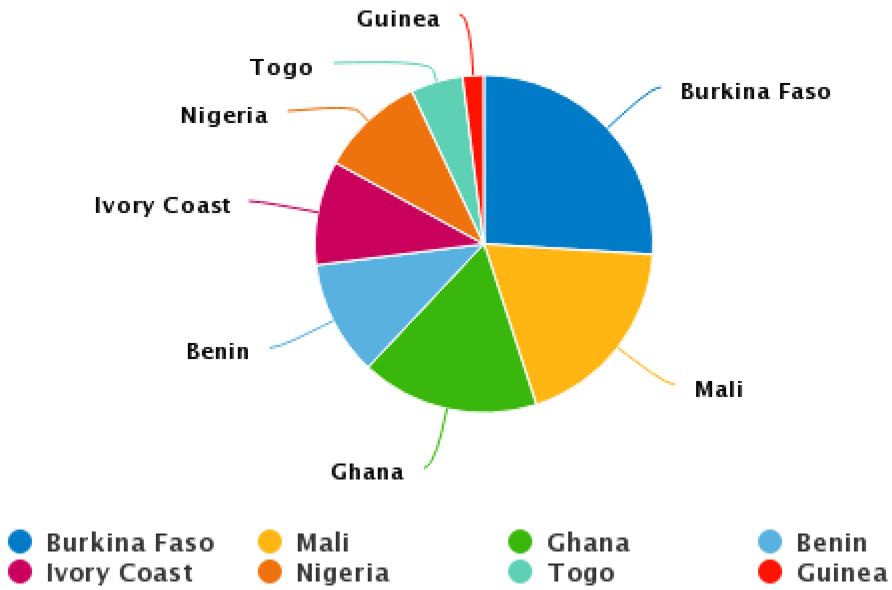
Figure 7: Production of shea nuts in Africa

in 1000 tonnes

Source: tridge.com

The majority of processing and export of shea takes place in countries such as Ghana, Burkina Faso, Mali and Benin. Figure 8 shows the major exporters of shea according to the Global Shea Alliance. As there has been a lot of investment going into the processing sector in Western African countries such as Mali, Ghana and Nigeria, these shares are expected to shift in the coming years.

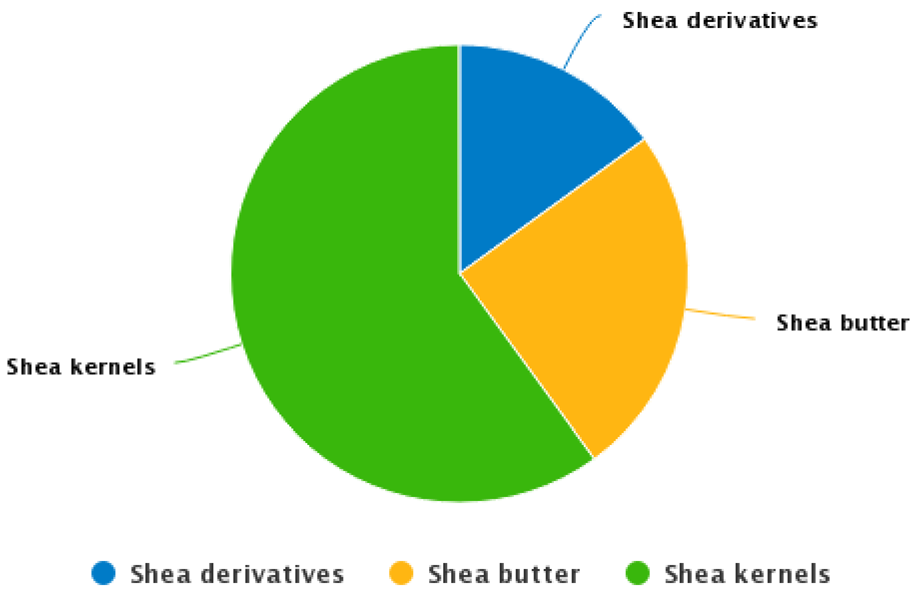
Figure 8: Exporting countries of shea (2019)



Source: Global Shea Alliance

According to the Global Shea Alliance, it is estimated that around 300,000 metric tonnes of shea were imported into Europe in 2020. Ghana is considered to be the largest producer of shea butter, as it has the most developed shea processing sector.

Figure 9: Breakdown of shea imports to Europe (2020)

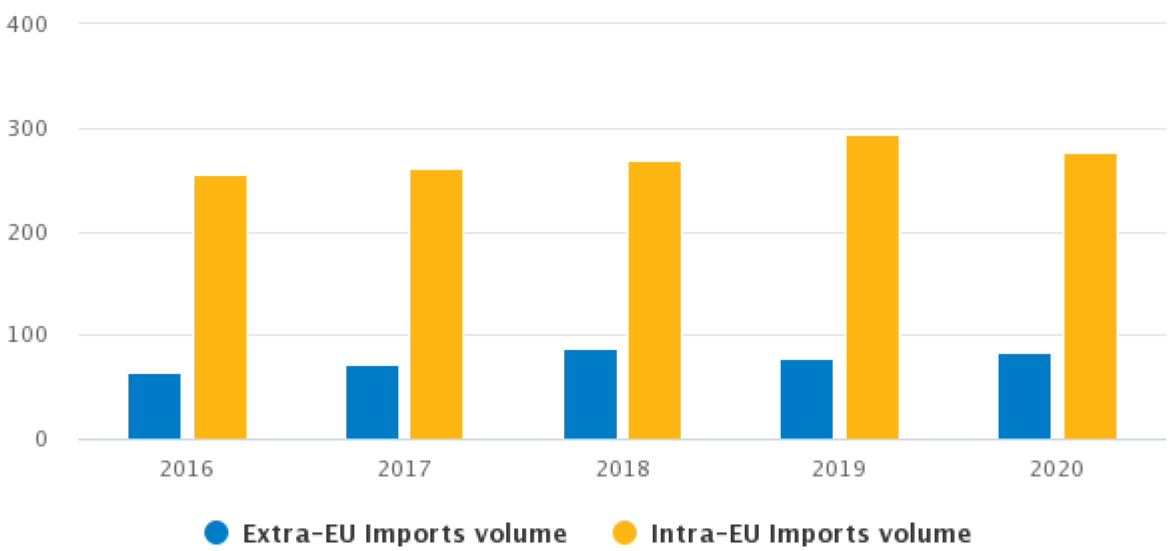


Source: Ecovia Intelligence, GSA, LMC

Figure 9 shows a rough breakdown of shea imports to Europe. The majority of shea imports to Europe are kernels. The processing of these kernels is done in Europe by companies such as Bunge Loders Croklaan, Fuji Oil Europe and AAK. Some processing is also done in Africa and shea butter as well as shea derivatives such as shea olein and stearin are exported to Europe.

Figure 10: Volume of imports of fixed vegetable fats and oils to Europe, which includes shea butter

in 1000 tonnes



Source: Eurostat

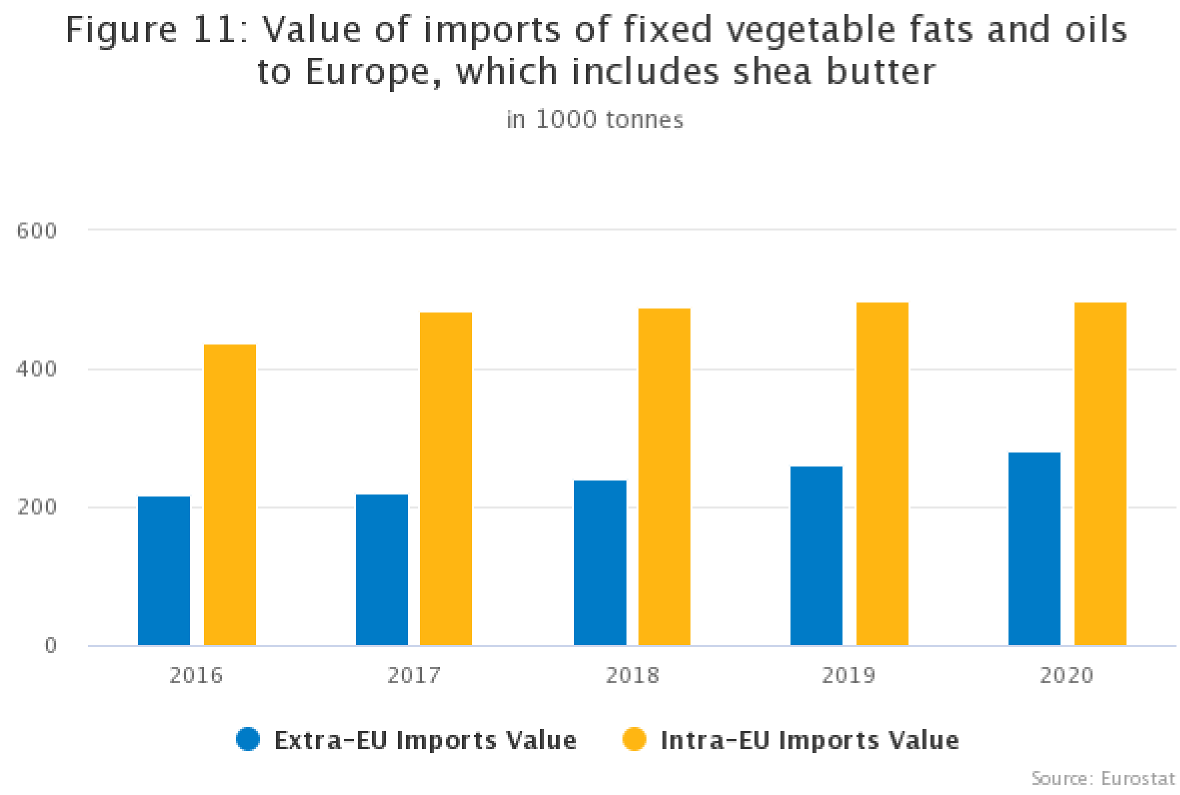


Figure 10 and 11 show imports of fixed vegetable fats and oils, the product category under which shea butter is traded. The imported volume decreased in 2020, but increased in terms of value. However, the volume of imports increased in the last five years. There are also other vegetable oils traded under this HS Code and the trend is not representative of shea butter. Industry sources indicate that the demand for shea butter will continue in the personal care sector. A major driver of this trend is the growing consumer demand for natural personal care products.

Shea butter has unique properties and a wide range of applications, making it an attractive ingredient to cosmetic companies. There is also a growing demand for shea derivatives on the European market. It is estimated that the amount of shea butter imported into Europe ranges between 50,000 and 90,000 tonnes.

Coconut oil

The demand for coconut oil in the personal care sector in Europe is driven by trends, such as the rising popularity of food ingredients in cosmetics products, as well as increasing demand for natural personal care products on the European market. The major part of coconut oil is used in the food sector, followed by the cosmetics industry and the health products industry. As a cosmetics ingredient, coconut oil is mainly used as a base oil. Its derivatives are used as an emollient, surfactant, skin-conditioning agents, hair-conditioning agents, viscosity-increasing agents, and opacifying agents.

Coconut oil can also be used as an alternative to palm oil. An estimated 50% of all products on supermarket shelves contain palm oil, palm kernel oil or their derivatives. Since palm oil is linked to deforestation in Southeast Asia, its use in consumer products is turning into an issue for some companies. Some cosmetics companies are looking for alternatives to reduce or phase out the use of palm kernel oil. For instance, British ethical cosmetics company Lush is planning to phase out palm oil from its supply chains. Such developments present an opportunity for vegetable oil producers in developing countries.

Figure 13 shows imports of coconut oil to Europe (HSC 151311 and HSC 151319). It is shown that the volume of imports has been increasing in the last four years. In 2020, the imported volume declined by about 10%. Coconut oil is mainly used in the food sector and the decline in imports does not reflect the trend in the personal care sector. The supply chains also suffered disruptions during the COVID-19 pandemic in 2020.

Figure 14 shows a decline of the value of imports of coconut oil to Europe. This is due to a decrease in prices because of oversupply on the global vegetable oil market. According to European importers, the price of crude coconut oil increased in 2021, as the sector was hit by factory closures and labour shortages due to COVID-19. This may have a negative impact on the demand for coconut oil in the near future.

Personal care formulators are familiar with coconut oil and how they can incorporate it in their formulations. European consumers are also familiar with coconut oil, as its popularity increased in the last decade. Exporters of coconut oil should take advantage of this when approaching European buyers.

Many vegetable oils can be used as alternatives to palm kernel oil. These include rapeseed oil, soybean oil, sunflower oil, olive oil, cocoa butter, babassu oil, sal butter and illipé butter. Suppliers of natural ingredients in developing countries should focus on palm oil alternatives that do not grow in Europe, so that excludes sunflower, rapeseed and olive oil. For more details, see the CBI product factsheet on palm oil alternatives.

Tips:

- Read the CBI news article on Certification for palm oil alternatives becoming more important, as it provides useful information.
- Stay informed on developments in sustainable palm oil via the RSPO website.
- Read the CBI studies on exporting palm oil alternatives and shea butter to Europe, as they can be used as alternatives to palm kernel oil. You can find more information here on market potential, trends and market entry guidelines.

Essential oils – frankincense and patchouli

Essential oils are natural oils that are typically obtained by distillation, having the characteristic odour of the plant or other source from which they are extracted. Oleoresins are a mixture of an essential oil and a resin found in nature.

A large number of countries produce natural essential oils, including China, India, Indonesia, Sri Lanka and Vietnam. An estimated 65% of the world production comes from low-cost operations in developing countries. Figures 15 and 16 show imports of other essential oils to Europe (HSC 330129).

This category includes essential oils other than citrus, excluding peppermint and other mint essential oils. Frankincense (HS code 33012941) and patchouli (HS code 3301295129) are two examples of oils included in this category. Generally, these are high-value oils used in products such as cosmetics and perfumes.

Figure 16 shows that the value of imports of other essential oils to Europe increased between 2016-2020. Figure 15 shows that the volume of imports of essential oils to Europe increased over the same period. Between 2016-2020 the value of imports increased by 28%. Higher-priced essential oils are usually used in the perfumery and personal care sector.

According to the European Federation of Essential Oils (E.F.E.O), fragrances, cosmetics and aromatherapy generate about one third of the demand for essential oils. Demand from the cosmetics sector is expected to increase in the coming years, as a growing number of natural and conventional cosmetics companies are using essential oils as fragrances.

A recent trend for fragrance-free products in Europe could slow demand for essential oils. Consumers with sensitive skin tend to look for natural cosmetic products and fragrance-free products. Particularly in Scandinavian countries, there has been a growing shift towards fragrance-free cosmetic products.

The opportunities for suppliers of essential oils from developing countries lie in supplying essential oils from plants that do not grow in Europe. Obtaining organic certification can also increase the competitiveness of essential oils suppliers from developing countries.

The European cosmetics market presents an opportunity for suppliers of essential oils from developing countries. There is a growing demand for niche essential oils in the fragrance and personal care industries. Consumers are demanding high-quality natural products on the European market. The import of essential oils and other essential oils to Europe is increasing; this trend is likely to continue in the coming years.

Tips:

- See the CBI studies on exporting essential oils for fragrances.
- See CBI Study on market potential of essential oils, such as frankincense and patchouli. You can find more information here on market potential, trends and market entry guidelines.

Liquorice extract

Vegetable extracts are often used in personal care products because of their active ingredients. Liquorice has been gaining popularity among cosmetics formulators. It is used in personal care products because of its anti-ageing and firming properties. Since the European population is ageing, this creates an opportunity for suppliers of liquorice extract. Another driver is growing demand for natural ingredients in the cosmetics industry.

Some of the main exporting countries of liquorice to Europe are Iran, China and Turkmenistan. Western European countries are the main importers of liquorice: Germany, France and the Netherlands.

The major part of liquorice extract in Europe is used in the food, pharmaceuticals and tobacco sectors. The personal care sector accounts for a minor share. As Europe has an ageing population, the demand for anti-ageing cosmetics is likely to rise. This drives the demand for liquorice extract on the European market, as it is used in anti-ageing cosmetics.

Figure 17 shows that the volume of imports of liquorice extract to Europe fluctuates. The cosmetics industry is a small consumer of liquorice compared to other industries, such as the food, pharmaceutical, and tobacco industries. The value of liquorice extract imports has been decreasing in the last five years, due to sufficient supply on the market.

There is an opportunity for liquorice suppliers in developing countries, because the number of applications in the cosmetics industry is increasing. Liquorice extract is used in anti-ageing cosmetics and sun-care products. The demand in Europe is also driven by increasing application of natural ingredients in the industry.

Tips:

- Focus on supplying vegetable saps and extracts that do not grow in temperate regions of Europe. These include *Aloe vera*, papaya, liquorice and pineapple. Companies such as Weleda use these extracts.
- For more information on exporting specific extracts, see specific CBI studies, such as the CBI report on exporting liquorice extract for cosmetics to Europe.

Avocado oil

As consumers in Europe are looking for more natural products, demand for natural ingredients such as avocado oil is increasing. Avocado oil has unique properties and its widespread availability makes it a favorite choice for cosmetic companies. Consumers are also familiar with avocado, which makes it easier for formulators to use it in their products.

Personal care companies are cleaning out their formulations, as they want to cater to consumers' needs. The COVID-19 pandemic is boosting consumer demand for natural products. Consumers are looking more closely into the health and nutritional value of the products they buy. This also applies to avocado oil as an ingredient for the cosmetics sector in Europe.

Food ingredients such as avocado, mango, baobab and coconut are also becoming popular among European consumers. This also drives the demand for avocado oil for cosmetics products. Many personal care companies are introducing product lines based on food ingredients. Examples include Weleda and The Body Shop.

Figure 19 and 20 show EU imports of solid fixed vegetable fats and oils and their fractions, whether or not refined, but not chemically modified, in immediate packings, under which avocado oil is traded. These figures show that the intra-EU trade is bigger in terms of volume and value than the extra-EU trade. Please note, however, that HS Codes 15159091 and 15159099 also include vegetable oils and fats other than avocado oil.

Tips:

- See the CBI Study on avocado oil. You can find more information here on market potential, trends and market entry guidelines.
- Check the Cosmetic ingredients database of the European Union for regulation, common ingredient names (for labelling purposes) and INCI (International Nomenclature of Cosmetic Ingredients) names for cosmetic ingredients.

This study has been carried out on behalf of CBI by Ecovia Intelligence.

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