

# The European market potential for essential oils

Essential oils have a wide range of applications. In cosmetics, they are used as fragrances and for their active properties. There is an increasing demand for niche essential oils used in the cosmetics and fragrance industry. This report focuses on frankincense and patchouli essential oils on the European cosmetics market.

## Contents of this page

1. [Product description](#)
2. [What makes Europe an interesting market for essential oils?](#)
3. [Which European countries offer the most opportunities for essential oils?](#)
4. [Which trends offer opportunities on the European market?](#)

## 1. Product description

Essential oils are a complex mixture comprising over 1,000 compounds. They are typically a colourless substance, but they can also be pale, yellow or brown. As they are oil-based, they are insoluble in water. Essential oils have applications in traditional medicine, cosmetics and aromatherapy.

Essential oils can be produced from various plant sources such as resins, leaves, flowers, fruits, bark and wood. They are usually extracted by steam distillation; they can also be extracted by water distillation, solvent extraction and floral extraction. The extraction method largely depends on the raw materials being extracted.

In cosmetic products, essential oils are normally used as fragrances. They are becoming popular as natural alternatives to synthetic fragrances in product formulations. They have medicinal properties and can have a positive effect on the body. Essential oils are also used in air fresheners, as they provide benefits such as refreshing, soothing or cleansing the air.

Some examples of essential oils used as fragrances:

- Shooting citrus
- Spring floral
- Warm vanilla
- Holiday blend
- Autumn spice

The following HSC numbers of essential oils for fragrances are used:

- 3301.12 – Sweet and bitter orange
- 3301.13 – Lemon
- 3301.19 – Citrus fruit oils not elsewhere specified
- 3301.24 – Peppermint
- 3301.25 – Other mint oils
- 3301.29 – Other essential oils
- 3301.30 – Resinoids
- 3301.90 – Oleoresins

The most common essential oils are citrus and peppermint oils. The majority are used in food production. There has been a growing demand for niche essential oils in the cosmetics sector. The reason is that cosmetics brands look for unique ingredients which are natural and cater to consumers who are looking for high-quality products. Examples include frankincense and patchouli essential oils.

## Frankincense essential oil

Frankincense essential oil is sourced from the *boswellia carterii* tree, which is typically found in Somalia and Pakistan. The oil is extracted by steam distillation from the oleo gum resin. It is used in cosmetics and aromatherapy, as it has active and functional properties. Frankincense oil has anti-ageing properties; it is also used to reduce acne and blemish, while it is a remedy for scars, wounds, eczema and stretch marks as well.

In aromatherapy, frankincense oil is used to relieve stress and anxiety, reduce pain and inflammation, boost the immune system and help fight cancer. Frankincense oil can be absorbed through the skin or used as a bath soak.

While frankincense essential oil is traded under HS code 33012941, there are no trade data recorded under this HS code. Trade data of frankincense essential oil are clubbed together under HS code 330129. In the [COSING database](#), frankincense oil is labelled 89957-98-2 / 8050-07-5. COSING is the official cosmetic ingredient database of the European Union (EU). It lists more than 15,000 ingredients used in the manufacturing of cosmetics and gives information on permitted as well as banned substances.

Table 1 Frankincense essential oil record on COSING

INCI Name	BOSWELLIA CARTERII OIL
Description	Boswellia Carterii Oil is the volatile oil obtained from the Boswellia carterii, Burseraceae
INN Name	
Ph. Eur. Name	
CAS #	89957-98-2 / 8050-07-5
EC #	289-620-2 / 232-474-1
Chemical/IUPAC Name	
Cosmetic Restriction	
Other Restriction(s)	
Functions	MASKING
	TONIC
SCCS opinions	
Identified INGREDIENTS or substances e.g.	

Source: COSING

Table 1 provides the INCI name as well as the CAS number. The database also lists the properties and applications of natural essential oils. This information is used by suppliers preparing a technical dossier for their ingredients.

## Patchouli essential oil

Patchouli comes from a plant species in the same family as mint and lavender. There are 3 species of patchouli, which are called Pogostemon Cablin, Pogostemon Heyneanus and Pogostemon Hortensis. Pogostemon Cablin is the one cultivated for its essential oil, because of its superior properties.

Patchouli is a brushy herb grown in the tropical regions of Asia. It has a heavy and strong scent. It is usually extracted by steam distillation of the dried leaves. Initially, patchouli was used in the perfume industry, but it is also used now in incense and alternative medicine. Patchouli oil is made using sesquiterpene alcohol, which helps its use in fragrances.

In cosmetics, patchouli can be used in haircare products, skincare products and deodorants. It is mainly used for its conditioning properties. Patchouli essential oil is traded under HS code 3301295129. Trade data of patchouli essential oil are clubbed together under HS code 330129.

Table 2 Patchouli essential oil record on COSING

INCI Name	POGOSTEMON CABLIN LEAF OIL
Description	Pogostemon Cablin Leaf Oil is the volatile oil obtained from the leaves of the Patchouli, Pogostemon cablin, Labiatae
INN Name	
Ph. Eur. Name	
CAS #	8014-09-3 / 84238-39-1
EC #	- / 282-493-4
Chemical/IUPAC Name	
Cosmetic Restriction	
Other Restriction(s)	
Functions	MASKING
SCCS opinions	

Identified INGREDIENTS or substances e.g.	
--	--

Table 2 provides the INCI name as well as the CAS number. The database also lists the properties and applications of natural essential oils. This information is used by suppliers preparing a technical dossier for their ingredients.

This study focuses on essential oils with HS code 3301 and HS code 330129, because essential oils such as frankincense and patchouli are traded under HS code 330129.

**Tip:**

Focus on niche essential oils that cannot be sourced from Europe. European buyers prefer to source raw materials locally and will only consider imported essential oils if there is limited supply. Examples include frankincense, patchouli, neroli, sandalwood and ylang-ylang.

## 2. What makes Europe an interesting market for essential oils?

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, which trend is likely to continue in the coming years.

Europe has the largest cosmetic and fragrance market in the world, valued at EUR 78.6 billion in 2018. According to Cosmetics Europe, the fragrance market reached EUR 12.28 billion in 2018. The luxury and niche fragrances sectors are showing healthy growth in Europe.

Figure 1 shows the sales growth of fragrances in regions across the world. It shows that in Western Europe, mass fragrances increased by 3% in 2017, while premium fragrances increased by 8%. Consumers are turning to high-end fragrances in Western Europe.

Artisanal and niche fragrances are also on the rise. They are perceived to be of higher quality, as they use a higher concentration of extracts. Growth is driven by the consumer demand for natural high-quality products in Europe. According to Market Research Future, the [global natural fragrance market](#) is forecast to grow by a compound annual growth rate of 5.2% to reach USD 20.8 billion by 2024.

Essential oils are mostly used in cosmetic products as fragrances, usually in skincare products, haircare products and toiletries. Some essential oils, such as frankincense, are used for their active properties. According to Cosmetics Europe, the categories of skincare products, haircare products and toiletries comprise about 70% of the total European cosmetics market. The large market provides a good opportunity for essential oils exporters in developing countries. For more information on opportunities for European natural ingredients in the cosmetics sector, see [CBI Market Statistics and Outlook](#).

There is a growing market for natural and organic cosmetics in Europe; the market was valued at EUR 3.64 billion in 2018. Ecovia Intelligence projects the market to grow at a healthy rate in the coming years. The consumer demand for cosmetics and toiletries which avoid contentious chemicals is expected to fuel market growth. This healthy growth rate corresponds to a robust demand for natural ingredients, providing

opportunities for potential suppliers in developing countries.

Table 3 Imports of essential oils (HS code 330129) to the EU, 2011–2018

2018	000 Tonnes	% Change in Volume (2011–2018)	m EUR	% Change in Value (2011–2018)	Exporters	Important Market Players
Essential oils, HS code 3301	100.0	22%	1852.2	68%	France (16.4%), Brazil (15.8%), Netherlands (11%)	Elixens, SanaBio, IMCD
Other essential oils, HS code 330129	20.0	25%	868.1	83%	China (22%), France (11.5%), Indonesia (8.3%)	SNPM Huiles Essentielles, De Lange BV

Source: Eurostat

Table 3 shows the imports of essential oils (HS code 3301) and other essential oils (HS code 330129). This category includes essential oils other than citrus, excluding peppermint and other mint essential oils. Examples of oils in this category include patchouli (HS code 3301295129) and frankincense (HS code 33012941). They are usually high-value oils used in high-end products such as cosmetics and perfumes.

It is shown that the imports to Europe increased between 2011 and 2018. In terms of volume, the imports increased by almost 22%. In value, the level of imports increased by more than 102% during the same period. The demand for essential oils in Europe is increasing. Around 51% of essential oils imported are from Intra-EU trade.

The imports of essential oils with HS code 330129 increased between 2011 and 2018. This trend suggests that higher-value essential oils, such as patchouli and frankincense, are coming into Europe.

### Tips:

Focus on buyers that offer a wide range of essential oils. These buyers tend to source niche essential oils and supply artisanal producers of fragrances. By supplying niche essential oils, you can justify the price premium that artisanal manufacturers of cosmetics and perfumes are willing to pay.

Make sure that you keep the quality of your essential oils consistent. European buyers pay a lot of attention to quality. Avoid adulteration of your essential oils and be transparent when buyers request information as well as documentation about the production process.

Visit trade fairs when looking for buyers. Examples include [InCosmetics](#) and [Vivaness](#).

### 3. Which European countries offer the most opportunities for essential oils?

The countries that offer the most opportunities for suppliers of essential oils, especially patchouli and frankincense, are France, Germany, Spain, the UK and the Netherlands. These countries are the largest importers of other essential oils. France, Germany, and the UK have the largest consumer markets for cosmetics as well as fragrances.

Figure 2 shows that France is the leading importer of other essential oils (HS code 330129), followed by Germany and Spain. Germany is the largest importer of essential oils, followed by Spain and the Netherlands. In the case of essential oils (HS code 3301) and other essential oils (HS code 330129), the top 6 importing countries have a share of about 85%.

#### Tip:

Target Western European countries. France is by far the largest importer of other essential oils. The country is an important manufacturer of cosmetics and perfumery products. Central and Eastern European countries are not very attractive for exporters of frankincense and patchouli essential oils. However, countries such as Bulgaria and Hungary import relatively large amounts of essential oils with HS code 330129.

#### France

Table 4 Imports of essential oils (HS code 3301 & 330129) to France, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
HSC 3301	11.6	32%	435.84	73%	India (9.4%), Brazil (8.8%), Belgium (8%), (China (7.9%))	Elixens
HSC 330129	5.1	30%	305.93	90%	China (14.3%), Belgium (13.1%), Indonesia (12.4%), Madagascar (11%)	SNPM Huiles Essentielles

Source: Eurostat

Table 4 shows that France is the leading importer of essential oils in terms of value. The country saw a healthy rise in the imports of essential oils between 2011 and 2018. Around 60% of essential oil volumes are imported from outside of the EU. Essential oils with HS code 330129 account for about 44% of the total volume of the essential oils imported to France. In terms of value, this share is around 70%.

France has a significant fragrance and perfumery industry, which surpassed USD 2 billion in 2018. [Statista offers reports on the size of the French fragrance market](#). France is also the leading exporter of fragrances in Europe, as well as the world. Chart 3 indicates that the value of French exports reached USD 5.3 billion in 2018, representing 26% of the global export value. France is also the largest exporter of essential oils in Europe.

Some of the major cosmetics companies in France are [L'Oréal](#), [Groupe Rocher](#), Laboratoire Nuxe, [Bioderma Laboratories](#) and [Pierre Fabre](#). France has an advanced market for natural and organic cosmetics. Leading natural and organic cosmetics companies include L'Occitane, Caudalie, Léa Nature Group, Cattier Laboratoires and Nature et Stratégie.

Leading fragrance houses in France include Caron, Chanel, Coty, L'Oréal and LVMH. Fragrance and flavour companies such as Mane and Robertet Group are based in France. The large fragrance suppliers have essential oils in their portfolio, since there is a growing demand for natural fragrances on the French market.

France has the second-largest cosmetics market in Europe. The demand for natural and organic cosmetics is also increasing. The demand for essential oils in France is expected to continue to increase in the coming years.

Suppliers of essential oils from developing countries should target French buyers, as there is a growing demand for natural fragrances on the cosmetics market. French consumers are seeking high-quality products that contain natural ingredients. Market growth is also driven by growing demand for natural and organic cosmetics.

## Germany

Table 5 Imports of essential oils (HS code 3301 & 330129) to Germany, 2011–2018

2018	000 Tonnes	% Change in Volume (2011–2018)	m EUR	% Change in Value (2011–2018)	Exporters	Important Market Players
HSC 3301	21.5	4%	372.45	72%	Netherlands (43.4%), Brazil (11.5%), China (8.2%)	SanaBio GmbH
HSC 330129	3.6	17%	139.27	53%	China (41.9%), France (17.7%)	Atriplex GmbH

Source: Eurostat

Germany is a leading importer of essential oils in terms of volume. The country reported an increase in the

imports of essential oils between 2011 and 2018. The imports of essential oils from outside of the EU account for 36% in terms of volume. This figure is a slight increase from 33% in 2011. Essential oils with HS code 330129 account for 17% of the total volume imported to Germany.

Germany has the largest consumer market in Europe. Some of the major cosmetics manufacturers in Germany include [Beiersdorf](#), which also owns the perfumery brand Gammon. Other perfumery brands in Germany include [Urban Scents](#), [Mäurer & Wirtz](#) and Biehl Parfumkunstwerke. There is a growing demand for premium perfumes that use high-quality ingredients, such as Atelier PMP.

The German natural and organic cosmetics market is the largest in Europe. It was valued at EUR 1.2 billion in 2017. It is expected that the demand will continue to grow at a steady pace in future. Leading natural and organic cosmetics companies include [Wala Heilmittel](#), the Börlind group, [Laverana](#), Logocos (L'Oréal), Primavera Life and Santaverde. Important importers of essential oils in Germany include SanaBio and Atriplex. SanaBio specialises in organic essential oils.

Germany has a significant cosmetics and perfume industry. It is also the third-largest exporter of perfumes in Europe. The country is the second-largest exporter of essential oils other than citrus, peppermint and other mints. Exporters of essential oils should target German buyers, as there is a growing demand for natural fragrances in the cosmetics sector.

## The Netherlands

Table 6 Imports of essential oils (HS code 3301 & 330129) to the Netherlands, 2011–2018

2018	000 Tonnes	% Change in Volume (2011–2018)	m EUR	% Change in Value (2011–2018)	Exporters	Important Market Players
HSC 3301	16.0	39%	285.40	173%	Brazil (45.5%), Mexico (11.5%), USA (11.1%)	IMCD N.V.
HSC 330129	1.7	128%	88.13	230%	USA (31%), China (18%), France (8.5%)	De Lange BV

Source: Eurostat

The Netherlands is a significant importer of essential oils in Europe. The value of imports increased by more than 170%, while the volume rose by 39%. These figures indicate a substantial increase in prices, which is caused by poor harvests and unfavourable weather conditions. Essential oils imported from outside of the EU have an 85% share. This share has been increasing slightly.

Essential oils with HS code 330129 account for more than 10% of the share. This share increased in the last



couple of years and is expected to continue to do so in future.

The Netherlands also has a growing market for natural and organic cosmetics. Market growth is increasing each year. Leading domestic brands include De Traay, Chi International and Pavèz.

The Netherlands is expected to remain an important importer of essential oils from developing countries. The Netherlands is an important re-exporter of raw materials, such as essential oils to other European countries. Important traders of essential oils include IMCD and De Lange.

## Spain

Table 7 Imports of essential oils (HS code 3301 & 330129) to Spain, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
HSC 3301	17.4	164%	134.88	83%	France (66.6%), Brazil (7.4%)	CHEMIR S.A.
HSC 330129	3.0	6%	85.59	86%	China (24.3%), Indonesia (18%), France (16.3%)	Grupo Plimon, S.L.

Source: Eurostat

Spanish imports grew by double- and triple-digit rates between 2011 and 2018. Essential oils imported from outside of the EU accounted for a 24% share in 2018, a decrease from 67% in 2011. Essential oils with HS code 330129 account for around 17% of the total volume and 63% of the total value of essential oils imported to Spain.

There is a growing demand for natural and organic cosmetics in Spain. Leading domestic operators include Disna and Alqvimia. Important perfumery companies in Spain are [Carner Barcelona](#) and [Campos de Ibiza](#).

The Spanish perfumery market reached EUR 1.3 billion in 2017, an increase of 5.4%. Spain is the second-largest exporter of perfumes in Europe and the sixth-largest exporter of other essential oils.

It is expected that the demand for natural and organic cosmetics will continue to grow in Spain. Suppliers of essential oils should target Spanish buyers because of the increasing demand for essential oils and the growing perfumery industry.

## UK

Table 8 Imports of essential oils (HS Code 3301 & 330129) to the UK, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
HSC 3301	12.1	-4%	257.59	37%	Brazil (17.5%), USA (15.1%), China (11.4%)	Cornelius
HSC 330129	2.5	4%	116.74	53%	China (41.7%), USA (12.4%), France (12%)	A&E Connock

Source: Eurostat

British imports of essential oils decreased by 4% in terms of volume. The value of imported essential oils increased by more than 35% between 2011 and 2018. The share of essential oils imported from outside of the EU was 66% in 2018, a slight decrease from 68% in 2011. Essential oils with HS code 330129 make up about 20% of the total imported volume.

The UK has the third-largest cosmetics market in Europe. [The UK perfumery market](#) was valued at GBP 1.25 billion in 2017. Essential oils imported to the UK are usually re-exported to other European countries. The UK is the third-largest exporter of essential oils other than citrus, peppermint and other mints.

Some of the leading cosmetics companies are [Unilever](#) and [Elemis](#). The demand for natural and organic cosmetics in the UK is growing each year. Important British companies include Neal's Yard Remedies, Tisserand (First Natural) and Absolute Aromas.

The demand for essential oils is expected to grow further in the next few years. The main drivers are growing consumer awareness and a rising demand for high-quality natural products, such as perfumes and personal care products.

Brexit may disrupt the supply chains for raw materials. In a no-deal scenario, it may take some time to renegotiate trade deals and tariffs with other countries.

## Austria

Table 9 Imports of essential oils (HS code 3301 & 330129) to Austria, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters from Outside of EU in Value	Important Market Players
------	------------	--------------------------------	-------	-------------------------------	---------------------------------------	--------------------------

HSC 3301	6.6	126%	45.45	78%	Ukraine (41.7%), China (19.3%)	Des Stübener Kräutergarten
HSC 330129	1.1	93%	28.41	95%	Korea (27%), Russia (23%)	Schrofner Cosmetics GmbH

Source: Eurostat

Austria is also showing a rise in the imports of essential oils. These imports recorded a double- and triple digit increase between 2011 and 2018. The imports of essential oils from outside of the EU have a 23% share. Essential oils with HS code 330129 account for almost 17% of the total imported volume. Most essential oils imported to Austria come from within the EU.

Although Austria does not have a large consumer market, there is a growing demand for natural and organic cosmetics. Some of the major domestic players include Ringana and Styx Naturkosmetik. The demand for essential oils is expected to continue to increase in the coming years. The main driver is a rising consumer demand for high-quality natural products such as fragrances and personal care products.

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

There is a growing demand for niche essential oils in the cosmetics sector. European consumers are looking for high-quality products that are safe and natural. This trend is driving the demand for personalised fragrances made of high-quality essential oils. Consumers are also seeking sustainable products that have a relatively low environmental impact.

### Growing importance of sustainable production

There is a growing demand for the transparency and traceability of supply chains in the cosmetics industry. This trend is driven by increasing consumer awareness and a demand for environmentally friendly products. Sustainable production of frankincense and patchouli essential oils is becoming important.

*Boswellia carterii* trees are dying because of over-harvesting. Since frankincense production is the main source of income for some disadvantaged communities in mountainous regions of Somalia, the farmers are under economic pressure. As a result, multiple cuts are made to trees and they are not given the usual 1-year resting period. Moreover, the increasing demand for frankincense essential oil pushes up the prices, putting pressure on farmers to produce more.

This situation leaves *Boswellia* trees vulnerable to insect attacks and decreases their germination rate. Such unsustainable practices could have severe consequences for frankincense oil production. A recent study published by Nature Sustainability concludes that frankincense production will decrease by half in the next twenty years and *Boswellia* woodlands around the world will shrink by 90% in 2070.

Suppliers of frankincense from developing countries should adopt sustainability schemes, such as [FairWild](#) or Organic certification. One of the disadvantages of FairWild certification is that it requires constant monitoring and is rather data-intensive, which could be difficult to comply with in rural communities that produce frankincense. Organic certification could improve the production methods of frankincense and increase traceability.

Producers of patchouli essential oil are also faced with many sustainability challenges, which include agricultural practices, climate change, soil nutrient depletion and vulnerability of farmers. There are various sourcing partnerships in place that enable sustainable sourcing of patchouli. These partnerships have been introduced by [Givaudan](#) and [Firmenich](#). Firmenich sources its patchouli from Indonesian essential oil supplier [Indesso](#).

Sustainability practices in the essential oil industry will become more important in the coming years. Suppliers of essential oils should adopt sustainable production practices and/or certification schemes.

### Tips:

Invest in sustainability practices when supplying frankincense and patchouli essential oils. European buyers look for suppliers that adhere to sustainability standards and practices. Buyers like to use this information in marketing, especially when approaching customers.

Consider adopting sustainability standards such as [FairWild](#) and/or [Organic](#). Having your essential oils certified adds credibility to your products, allowing you to charge a premium. Make sure that you present all your certifications on your marketing materials.

## Increasing demand for personalised and niche fragrances

In recent years, there has been a trend towards the personalisation of fragrances. This trend is gaining popularity because it allows consumers to connect a scent with their personality at an emotional level. It also gives them a greater sense of choice and control. The personalisation trend is popular especially with millennials.

The niche fragrance market is the fastest-growing in the fragrances industry. As the fragrance market becomes more saturated, the niche fragrance market offers fragrance personalisation. Discerning consumers are more willing to pay higher prices for a scent that is customised to their needs.

Scents are being created from alternative ingredients. The goal is to create unique olfactive sensations for customers. A new trend is associating a scent to a place or a memory. This trend is becoming popular in the retail sector, with the growth in stand-alone perfumeries.

For example, the British personal care company [Lush created a range of personal care products](#) containing patchouli oil. The line is associated with the hippie movement, because of its patchouli scent.

Personalisation is also a great way to develop trust and create relationships with consumers. This trend is likely to gain momentum within the fragrance industry in future. With the rising disposable incomes of millennials and the growing demand for high-quality cosmetic products among European consumers, the demand for niche essential oils is expected to increase in future.

Producers of essential oils from developing countries should take advantage of this trend by supplying niche essential oils to Europe. There is a lot of competition in the essential oil market, especially for orange, lemon and peppermint. When it comes to niche essential oils, European buyers are willing to source from smaller suppliers. The minimum volume requirements are also lower for niche essential oils. The most prospective essential oils include patchouli, ylang-ylang, neroli and frankincense.

### Tips:

Familiarise yourself with trends in the fragrance industry. For example, websites such as [Cosmetics](#)


[Business](#) or blog posts and articles are a good source of information on upcoming trends.

See the [CBI study](#) of trends in the sector of natural ingredients for cosmetics to gain insight into the opportunities for suppliers of natural ingredients from developing countries to the cosmetics sector.


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

Please review our [market information disclaimer](#).

Follow us for the latest updates

(opens in a new tab)  Twitter

(opens in a new tab)  Facebook

(opens in a new tab)  LinkedIn



