

Entering the European market for essential oils

To enter the European market for essential oils you must meet mandatory requirements set by the European Union. At the same time, also consider meeting common additional requirements that European buyers and niche markets have as this will help you enter the European market. The European market for essential oils is divided into three segments, providing different channels you can enter through. When entering the European market, you will face competition from other countries, companies and products.

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This study is on essential oils in general. However, patchouli and frankincense essential oils were chosen as the main focus of this study. These two essential oils are analysed in detail in parts of this report.

1. What requirements must essential oils for cosmetics comply with to be allowed on the European market?

What are mandatory requirements?

You have to abide by the European Union's (EU) mandatory legal requirements for natural ingredients for cosmetics. These include:

- [Cosmetic Regulation \(EC 1223/2009\)](#) is the central regulatory framework for cosmetic products for the European market, covering the safety and effectiveness of cosmetic products.
- [Registration, Evaluation, Authorisation and Restriction of Chemicals \(REACH\)](#)
- [EU Commission Regulation \(EU\) No 655/2013](#) requires claims for a cosmetic product (explicit or implicit) to be supported by sufficient and provable evidence.
- The EU has packaging and labelling requirements for chemicals based on the [Globally Harmonised System of Classification and Labelling of Chemicals \(GHS\)](#) outlined in its Classification, Labelling and Packaging (CLP) Regulation (EC) 1272/2008.

According to CLP regulation labelling should include the following:

- The name, address and telephone number of supplier
- The nominal quantity of a substance or mixture in packages made available to the general public (unless this quantity is specified elsewhere on the package)
- Product identifiers
- Where applicable, hazard pictograms, signal words, hazard statements, precautionary statements and supplemental information required by other legislation.

Figure 1: Hazard labels for frankincense oil



Figure 2: Hazard labels for patchouli oil



Tips:

Visit the [European Commission Trade Help Desk](#) as it provides a complete list of requirements. Enter your essential oils HS code and review the assistance provided there.

Make sure you keep up to date on the EU fragrance allergens labelling updates. The labelling is currently open to public consultation and the outcome may have an effect on you as an exporter of essential oils for aromatherapy.

Familiarise yourself with comprehensive [guidance on CLP](#) provided by the European Chemicals Agency (ECHA).

If you have limited experience dealing with Safety Data Sheets use a consultancy that helps you prepare them. Consultancies offering such services can be found by doing basic online searches.

Contact [Open Trade Gate Sweden](#) if you have specific questions regarding rules and requirements in Sweden and the European Union.

Technical Documentation

In order to comply with the EU's legal requirements, European buyers of essential oils for cosmetics need you to provide a well-prepared technical dossier. This is also essential in order to meet mandatory regulations when exporting to the EU, as a well-prepared technical dossier demonstrates the traceability, sustainability and quality of essential oils that buyers use in their products. The technical dossier should include:

- Technical Data Sheet (TDS),
- Safety Data Sheet (SDS)
- Certificate of Analysis (COA)

If your essential oils are used in fragrances, your documentation must include information about allergens. An allergen declaration for essential oils must be made in accordance with [EU Cosmetics Regulation \(1223/2009\)](#) and [International Fragrance Association](#) (IFRA) standards.

The EU Cosmetics Regulation lists [26 fragrance allergens](#) that are known to cause allergic reactions. Cosmetic products need to include these allergens in the list of ingredients when their concentration exceeds 0.001 percent for leave-in products and 0.01 percent for rinse-off products. Two listed allergens that [can be found in patchouli](#) are Cinnamal and Eugeonal. If your patchouli oil contains these two listed allergens and they exceed the set limits, you must declare this in the oil's Safety Data Sheet (SDS).

The EU is currently deciding on new rules for allergens which could negatively affect the demand for essential oils. This is because the new legislation could include more allergens not included in the existing legislation, meaning cosmetic producers must list these allergens on their packaging as well. At present, perfume and its raw materials are listed as "perfume" or "aroma". In the future, cosmetic producers may use fewer essential oils to avoid having to publish long lists of allergens.

Tips:

Review [CBI study](#) on how to prepare technical dossiers for cosmetic ingredients as it provides comprehensive information and guidance on preparing a technical dossier. Doing so will give you an advantage in your journey to enter the European market.

Review the example [Technical Data Sheet](#), [Safety Data Sheet](#) and [Certificate of Analysis](#) for patchouli oil provided here.

Use pre-existing information available about your essential oils when preparing a dossier to substantiate claims you make. Doing so is likely to save you time in your journey to enter the European market.

CITES (Convention on International Trade in Endangered Species of wild fauna and flora)

To export essential oils to the European market, you must comply with requirements on trading plant resources agreed internationally under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES) convention. This is because the EU has translated CITES into EU law under Regulation No 338/97. Additionally, it is likely your own country is also a signatory of CITES, meaning you need to comply to meet your national laws.

CITES has a list of plant species that you cannot export/import or for which export/import is restricted. Check if your essential oils are listed in Annex A and Annex B of Regulation (EC) No 338/97. If listed then you must get an export permit from your country's CITES authority.

Tips:

Visit the [CITES website](#) to learn more about CITES. Doing so will give you a better understanding of expected legal requirements.

Determine if your essential oil for cosmetics requires import and export permits to enter the European market. Do this by finding out the Latin name of the plant you extract your essential oil from and searching for it in Annex A and Annex B of the CITES convention. For example, frankincense's Latin name is *Boswellia thurifer*.

Obtain export permits if your essential oil requires one to enter the European market. Do this by contacting the relevant CITES authority in your country. Be aware that you might need an import permit for the country you are importing to. If that is the case, contact local authorities for further assistance.

Regularly check for updates to [EU Regulation No 338/97](#). Do this by visiting the European [Union's EUR-Lex database](#).

Convention on Biological Diversity (CBD) / Access and Benefit-Sharing (ABS)

To export essential oils to Europe, you must comply with requirements on using plant resources agreed under international treaties and protocols within the Convention on Biological Diversity (CBD). This is because the CBD is a part of EU law. Additionally, it is likely your own country is also a signatory, meaning you need to comply to

meet your national laws.

The Nagoya Protocol's Access and Benefit-Sharing (ABS) provides guidelines for accessing and utilising genetic resources and traditional knowledge as well as the fair and equitable sharing of benefits. Similar to the CBD, European companies need to comply with ABS legislation, with ABS likely to be a part of your national law as well. As an exporter of essential oils to the cosmetics sector, make sure you abide by ABS.

In recent years, there is growing consumer awareness and demand for more environmentally-friendly products, and this trend is set to continue. This is leading European buyers to seek ethically sourced ingredients, something which is likely to become more important in the future.

Tips:

Ensure you comply with Convention on Biological Diversity (CBD) and Access and Benefit-Sharing (ABS).

Visit the [CBD website](#) as it provides a range of useful information on CBD and ABS. For example, the [country profile function](#) provides information on your country's position on CBD and ABS, giving you more knowledge about exporting from your country.

What additional requirements do buyers often have?

Quality requirements

European buyers of essential oils in the cosmetics industry are increasingly demanding that the essential oils they buy be of the finest quality. You should therefore ensure your essential oils meet good and reliable standards in raw material production and manufacturing, something you can do in several ways.

Specific requirements for essential oils concern their consistent composition and chemical profile. For example, frankincense essential oil should be based on resin frankincense oil and should have a gum-like rather than crystalline consistency. For other essential oils such as patchouli, the [International Organization for Standardisation](#) (ISO) has developed quality standards.

Essential oils used for health products have to be pure and not adulterated with chemicals or other substances. Buyers regularly test imported essential oils for any impurities. Annex I to the International Fragrance Association [IFRA Standards](#) provides indicative levels of restricted substances in essential oils. This list is non-exhaustive and is meant to be used as a guideline.

Tips:

Consider following [Good Agricultural and Collection Practices](#) (GACP) and [Good Manufacturing Practices](#) (GMP) developed by the [European Federation for Cosmetic Ingredients](#). This is because it demonstrates the good quality of your essential oil, with this likely to increase your chances of entering the European market.

Consider adopting quality standards concerning production methods. Examples of quality standards that you can adopt are [ISO 22000](#) and [ISO 9001:2015](#) respectively [FSSC 22000](#). Other common guidelines include guidelines outlined in the [Hazard Analysis & Critical Control Points](#) system. The Indonesian company [PT Mitra Ayu Adi Pratamais](#) is an example of an essential oils exporter doing so.

Consider meeting specific quality standards that buyers have. For example, for essential oils used in fragrances, buyers may have requirements in accordance with the [International Fragrance Association](#)

(IFA) standards.

Labelling and packaging

Along with complying with the EU's mandatory Classification, Labelling and Packaging (CLP) requirements as set out in [Regulation \(EC\) 1272/2008](#), consider meeting other common additional labelling and packaging requirements that European buyers have. This includes listing the following on your product documentation and labels in English unless asked otherwise:

- International Nomenclature Cosmetic Ingredient (INCI) name and product name
- Name and address of exporter
- Batch code
- Place of origin
- Date of manufacture
- Best before date
- Net weight
- Recommended storage conditions
- Organic certification number along with the name/code of the certifying inspection body if you export organic essential oil.

European buyers require good quality essential oils, so consider preserving the quality of your essential oils by doing the following when it comes to packaging:

- Using aluminium, lined or lacquered steel containers as they do not react with the components in essential oils.
- Ensuring packaging materials such as drums are clean and dry before essential oils are put into them.
- Filling the headspace of packaging materials such as containers with gasses that do not react with components in essential oils. Examples of gases include carbon dioxide and nitrogen.

Additionally, the quality of your essential oils can be preserved in other ways. These include ensuring your essential oils are kept at an appropriate temperature throughout its supply chain, along with storing them in a dry place.

Tips:

Consider recycling or re-using packaging materials, for example by using containers made of recyclable materials, such as metal. This is because environmental sustainability is becoming increasingly important to European buyers.

Ensure certified organic essential oils and conventional essential oils are physically separate in order to prevent contamination.

Payment terms

Payment is central to all trade, and presents risks to all parties involved. Before trading with European buyers, do risk assessments of available payment terms. As an exporter of essential oils, minimise your risks whilst working to meet the needs of European buyers.

There are [several methods of payment](#). However, for both importers and exporters, [Letters of Credit](#) (LC) are

considered to be the safest payment term. This is because an LC lets both parties contact a neutral arbitrator, usually a bank, to resolve any issues. For the exporter, the chosen bank is a guarantor of full payment as long as goods have been dispatched. In such instances, to avoid further losses, exporters should find new buyers and pay for the return of dispatched goods.

Based upon their needs, importers and exporters can choose from the [several LC payment terms](#). They include standby, revocable, irrevocable, revolving, transferable, un-transferable, back to back, red clause, green clause and export/import. For exporters, standby LC is considered to be the safest, with it being frequently used in international trade. This is because it provides security to both importers and exporters who have little trading experience with each another. Other payment terms include cash in advance, documentary collections and open account.

Tips:

Minimise your risks whilst working to meet the needs of European buyers. You can do this firstly by assessing your needs, secondly by speaking to European buyers and finding out their needs and thirdly by working out a compromise which satisfies both sides. Make sure you don't agree on terms you cannot meet.

See [CBI study for organising your export](#) of natural ingredients for cosmetics to Europe. This is because it provides guidance on available payment terms used in this sector.

Delivery terms

When agreeing delivery terms with European buyers, you must carefully consider three important factors: delivery time, volume and cost. This is because failure to meet agreed delivery terms could end your trading relationship with European buyers.

1. Delivery time - As an exporter, you should understand that European buyers prefer shorter delivery times. Air cargo is usually faster than sea freight. Air freight is also more reliable in regard to on-time delivery. It is important to note [delivery times are usually longer](#) because of the global COVID-19 pandemic; reasons for this include forced quarantine measures and restrictions on the movements of goods.
2. Delivery volume/quantity of order - The volume of your order is an important factor to take into consideration when choosing a mode of transport. Larger quantities are often cheaper to ship by sea. With smaller volumes air freight can be less expensive, as margins get smaller.
3. Cost of delivery method - It is estimated that sea freight is usually 4-6 times cheaper than air freight. This applies to larger volumes. It is not likely that price of your cargo will increase substantially, if you increase the volume. Note, the COVID-19 pandemic has increased the cost of air freight, this is likely to change once passenger flights are fully operational.

Tips:

Learn about [Incoterms](#). This knowledge will help you when negotiating payment and delivery terms with your potential buyers.

Speak to your logistics provider about what the global COVID-19 pandemic means for you before agreeing terms with European buyers.

What are the requirements for niche markets?

Organic and fair trade

There is a growing demand for certified raw materials in the European cosmetics market. At the same time a growing number of cosmetic products and raw materials are being certified according to natural and organic standards. The leading organic standards are:

- [NaTrue](#)
- [COSMOS](#)

There are over 10 other natural and organic cosmetic standards in Europe; they include [Demeter](#) and [Organic Farmers and Growers](#).

As an exporter of essential oils in developing countries you can get various certifications that pertain to environmental and social standards. These include:

- [UNCTAD BioTrade Initiative BioTrade Principles and Criteria](#)
- [FLO Fairtrade](#), [FLO Fairtrade](#) and [FairForLife](#) standards
- [FairWild](#)

Tips:

Consider acquiring natural and/or organic certification for your essential oils as it is likely that doing so will give you an advantage in entering the European market.

Visit the [NaTrue website](#) and the [COSMOS website](#) and review the information they provide on acquiring natural and/or organic certification for your essential oils.

Inform European buyers of essential oils you have certification after you have acquired natural and/or organic certification. Doing so is likely to make you more appealing to European buyers, which will likely make it easier for you to enter the European market.

Visit and review the information available on the [ITC Sustainability Map](#) about certification schemes in the sector.

2. Through what channels can you get essential oils on the European market?

In the European market, essential oils such as frankincense, geranium, patchouli and nutmeg are mainly used in the food, cosmetics and health product industries. Essential oils mainly enter the European market through importers/distributors. European processors that directly source essential oils from developing countries are another important channel. As an exporter, it is important to know how the European essential oil end-market is segmented, through which channels the oils are brought into the European market and which of those channels is the most interesting for you. This knowledge will help in your journey to enter the European market.

How is the end-market segmented?

The European market for essential oils can be segmented by end-user industries. These include the cosmetic, food and health product industries respectively. See figure 3 examples of essential oil products on the European market. This study focuses on essential oils used by the cosmetics industry.

Figure 3: Examples of essential oil products on the European market

End Market Segments for Essential Oils

Health Products:

Type of buyers- Importers/Distributors, processors

Retailers- Specialist retailers, drugstores, pharmacies, mainstream retailers, online retail, professionals.

Products- Aromatherapy, herbal and medicinal products, supplements



Food sector:

Type of buyers- Importers/Distributors, processors

Retailers- Mainstream retailers, specialist retailers, online retail.

Products -Bakery, Confectionery Oils, Drinks tea, snacks



Personal care sector:

Type of buyers- Importers/Distributors, processors

Retailers- Specialist retailers, drugstores, pharmacies, mainstream retailers, online retail, professionals.

Products- Skin care, hair care, oral care products, deodorants



Source: Various

Cosmetics industry

The cosmetics industry uses essential oils in personal care products as fragrances; they are popular as natural alternatives to synthetic fragrances in product formulations. For example, frankincense essential oil provides a fresh, woody, balsamic and slightly spicy and fruity scent.

The cosmetics industry also uses essential oils in its products as active ingredients because of their properties. For example, frankincense essential oil is used for its anti-ageing properties and ability to reduce acne and blemishes, as well as scars, wounds, eczema and stretch marks. Patchouli is widely used in perfumes and fragrances because of its distinct musky and earthy scent. It is recognised as a grounding, soothing, and peace-inducing oil. It can be used in personal care products for its anti-fungal, anti-inflammatory, antiseptic and astringent properties.

The European essential oils market is expected to grow in the coming years. A major driver is [increasing consumer demand for products made from natural ingredients](#). In addition, [natural ingredients are gaining popularity in the cosmetics industry](#). It is estimated that more than 20 percent of essential oils are used by the personal care sector. Exporters should consider obtaining certification, such as Nature and/or COSMOS certification, to prove their essential oils are natural. Doing so will increase your chances of entering the European market.

Food industry

The food and beverage industry uses essential oils as flavourings. Essential oils are usually used as an alternative to herbs and juices as they provide a stronger flavour whilst limiting the use of herbs. The food industry uses frankincense essential oil as an edible ingredient and patchouli essential oil as an additive in low concentrations to flavour food and beverages. The food industry is the biggest segment for essential oils. It is estimated that almost half of essential oils are used in the food sector.

Health product industry

Essential oils are used in health products as active ingredients because of their properties. For example, [patchouli essential oil](#) offers health product formulators anti-fungal, anti-inflammatory and antiseptic properties. Essential oils are also used in aromatherapy products; for example, frankincense essential oil is used to relieve stress and anxiety, reduce pain and inflammation, boost the immune system and it can help fight cancer. In addition, essential oils are also used in food supplements as active ingredients because of the properties they offer formulators.

This study deals with essential oils used by the cosmetics industry.

Tips:

Familiarise yourself with the beneficial properties your essential oil alternatives offer the cosmetic industry as these make up the main selling points for the European cosmetics market. For example, besides its fresh, woody, balsamic and slightly spicy and fruity scent, frankincense essential oil also provides fragrance formulators with beneficial properties as an active ingredient.

Visit trade fairs to test if the industry is open to your product, get market information, and find potential buyers. Trade fairs also give you an opportunity to speak to end-users and distributors, and to gauge your competition, especially the way they are marketing their products. Doing so is likely to help you access the European market. There are various trade fairs that focus on the cosmetics sector. Examples include [InCosmetics](#) and [Vivaness](#).

See the [CBI study 8 tips for finding buyers](#) on the European cosmetics market for an overview of trade fairs in this sector.

Through what channels does essential oil end up on the end-market?

Figure 4 shows the export value chain for essential oils on their journey to the European market. Essential oils can be produced from various plant sources, such as resins, leaves, flowers, fruits, bark and woods. 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. Essential oils usually enter the European market in a liquid form.

Importer/Distributor

As a processor/exporter in a developing country, the main entry points to the European essential oils market are importer/distributors. European importers/distributors often trade a wide range of natural ingredients. Their expertise is in the global sourcing and storing of natural ingredients, ensuring product quality and the documentary and regulatory compliance, along with selling to processors and cosmetic companies.

The importers/distributors [Elixens](#), [De Lange](#) and Atriplex GmbH supply essential oils to European companies. Some importers/distributors, such as [SanaBio](#), specialise in trading and supplying organic essential oils to

European cosmetic companies. Fragrance firms supply European cosmetic companies with essential oils for their products. [Mane](#) and [Givaudan](#) are two big fragrance and flavours suppliers.

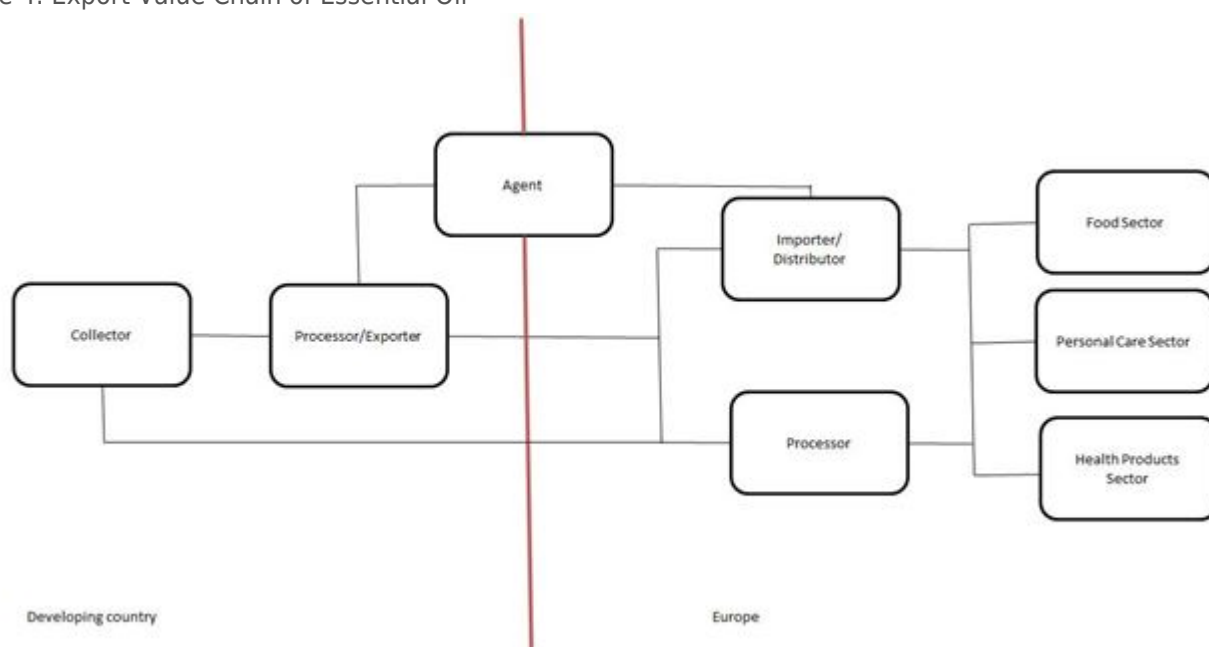
Agent

An export agent is a firm or an individual that undertakes most of the exporting activities on behalf of an exporter, usually for a commission. Agents can be found in developing countries as well as in Europe; however, it is uncommon for companies to use agents in the European market. As an exporter in a developing country, you can work with agents who represent and act on your behalf on the European market.

Processors

European processors also directly source essential oils from developing countries through sourcing projects. The German company Primavera does this through its sourcing projects for a range of essential oils from developing countries. For example, it sources lemongrass, palmarosa and tulsi essential oils from Nepal. European buyers often travel to developing countries to personally meet their suppliers of essential oils when assessing their credibility as potential trading partners. Import volumes for this channel are larger, usually in tonnes.

Figure 4: Export Value Chain of Essential Oil



Tips:

Focus on niche essential oils, such as patchouli and frankincense. Focusing on essential oils that are not produced in Europe and/or are not produced in large quantities gives you a competitive advantage. These essential oils are becoming popular in the cosmetics sector. Cosmetic companies may be interested in establishing a sourcing project if your essential oil is unique.

Consider expanding your essential oils portfolio by including organic frankincense and patchouli oil, for example, as this is likely to help you find a wider range of customers. Other benefits of having a wider portfolio include it giving you [more attention on the market](#), thus making you stand out from your competition.

What is the most interesting channel for you?

As an exporter of essential oils, importers/distributors are the most interesting channel for you. This is because importers/distributors have expertise importing and distributing natural ingredients and they usually have integrated supply chains. Because of their wide customer base, importers/distributors often require a range of essential oils, thus they are keen to find new suppliers.

Tips:

Invest in the quality of your products before entering the European market. You have to ensure your essential oils comply with international standards and develop a technical dossier for them. This is because European buyers lose interest when a new supplier delivers a low-quality product.

See the [CBI study for finding buyers](#) on the European cosmetics market because it provides finding buyers in channels you can enter the European market through. In particular importers/distributors who are your main entry point into the European market.

3. What competition do you face on the European essential oils market?

What countries are you competing with?

In your journey to enter the European market you will be competing with other developing countries, the countries will depend on your essential oils. Essential oils are produced in many countries and no single country is a strong exporter of all essential oils. This section focuses on frankincense and patchouli essential oils because their popularity is increasing in the European market.

Somalia

Somalia has a well-established commercial frankincense production industry; it is the country's second largest export commodity, and this is a major strength. It could therefore become easier for Somalian producers of frankincense oil to raise exports to the European market.

However, the Somalian frankincense industry faces key challenges which include climate change and overharvesting. Additionally, its supply chain is often long, which results in [lower profit margins](#) for frankincense harvesters and cultivators.

Yemen

The Yemeni commercial frankincense production industry dates back several hundred years. Since it is highly established, it could become easier for Yemini producers of frankincense oil to raise exports to the European market. However, the Yemini frankincense industry faces challenges, such as climate change and overharvesting and Yemen's civil war. Other challenges Yemen faces include having a poor business environment caused by corruption, as well as infrastructure that has been destroyed or non-existent.

Oman

Oman's commercial frankincense production industry is [supported by its government](#). For example, in recent years Omani authorities have [planted more than 600 trees](#) from which frankincense oil is extracted, and have implemented [research and development projects](#) to support the frankincense industry.

Compared to Somalia and Yemen, Oman has many strengths. These include its good infrastructure and a

government commitment to developing it further, its strategic geographical location which makes it easier for exporters to ship their goods, along with its government providing support to develop new businesses. However the Omani frankincense industry also faces challenges, such as climate change, overharvesting and a declining number of frankincense trees.

Indonesia

Indonesia is the world's largest producer of patchouli, accounting for over [90 percent of the global market](#). This is one of Indonesia's key strengths. In recent years, Indonesian authorities have taken steps to support the patchouli industry. For example, the Indonesian Ministry of Research allocated funds to establish a [Centre for Patchouli Innovation Cluster](#) to build a thriving and stable patchouli market in Aceh. Main challenges include unstable prices, a lack of sustainable practices and complex supply chains.

Malaysia

Malaysia has an established commercial patchouli production industry. The Malaysian government's commitment to develop the country's agricultural industry is another key strength. Other strengths include good infrastructure, high levels of research and development, and investment. Malaysia faces problems that hamper its patchouli industry. These include lack of arable land, environmental pollution, water and labour shortages.

India

India is an important supplier of a number of essential oils, including patchouli. Its essential oil production is supported by the government. For example, in recent years India's [National Horticulture Board](#) has worked to develop the Indian patchouli industry through development projects. There are many factors that restrain the essential oil production in India. These include unproductive forest plantations, poor availability of improved genetic material, and climate change.

Tips:

Find out if your country has programmes helping exporters like you cultivate your essential oil, as well as exporting. You can do this by contacting government ministries of trade in your country because they are likely to have information about this along with providing assistance helping you export your essential oil.

Consider joining the [International Federation of Essential Oils and Aroma Trades](#) (IFEAT) because they offer a range of assistance to exporters of essential oils from developing countries.

Find out if there are, and if found consider joining essential oil trade associations in your country who could help you export essential oil. For example, the [Indonesian Essential Oil Trade Association](#) is a business development association that provides services, programs and activities designed to support the business development objectives of its members.

If your country is embarking on improving its infrastructure, find out how you can benefit. This is because doing so could make it easier for you to export your essential oil. You can do this by contacting local or central governmental institutions as they may be able to provide information and assistance concerning this.

What companies are you competing with?

Several established companies in developing countries are successful in exporting essential oils to the European market. These companies market themselves as being able to deliver high quality essential oils which meet

common European buyer requirements as well as requirements for niche markets. Thus, these companies look reputable and they have credibility in the European market. This section focuses on companies that are successfully exporting frankincense oil and patchouli oil because they are becoming popular in the European market.

Omani companies

Many Omani companies export frankincense oil to the European market; [Enfleurage Middle East Frankincense Distillery](#) is one company doing so. Enfleurage Middle East Frankincense Distillery's major strength is its website, which contains professional and well-prepared content supported by good photography. The website includes well-prepared sections that clearly show prospective buyers who the company is, where its frankincense is sourced from, and how it extracts frankincense oil from *boswellia caterii* trees.

Indonesian companies

[PT Mitra Ayu Adi Pratamais](#) is an Indonesian company exporting patchouli oil to Europe. PT Mitra Ayu Adi Pratamais's has several key strengths. One is its emphasis it places on exporting high-quality, safe and sustainable patchouli oil. Another concerns certification; PT Mitra Ayu Adi Pratamais has the [Food Safety System Certification 22000](#) certification, which shows the high quality of its patchouli oil. Furthermore, its patchouli oil is compliant with the European Union's [REACH](#) legislation. Its website includes sections clearly informing prospective buyers who the company is, where its patchouli is sourced from, and how its patchouli oil is extracted.

Indian companies

[Falcon](#) is an Indian company exporting patchouli oil to the European cosmetics market. One of Falcon's key strengths is the emphasis it places on exporting high quality patchouli oil which it tests. Another strength is its professional website which contains professional and informative content that is well-prepared. For example, Falcon provides simple and easy to read information about its quality policy, infrastructure and packaging options.

Tips:

Ensure you meet and uphold social and environmental standards. This is because sustainability and traceability of raw materials is becoming increasingly important to European buyers.

Ensure you have a professional website with well-prepared content which clearly informs prospective buyers of your key strengths. For example, the emphasis you place on exporting essential oil of the highest quality. Doing so is likely to make you more appealing to buyers, increasing your chances of entering the European market.

What products are you competing with?

Essential oils do not really have any real competition from other natural ingredients for cosmetics. Essential oils have unique properties and applications, especially in regards to fragrances. Each essential oil has specific properties and its own scent. As such, it is difficult to substitute individual essential oils with other ingredients.

Since this study mainly focuses on frankincense and patchouli, it is not possible to indicate competing products. Each of these oils are used in personal care products because of their unique properties.

Tips:

Use the unique characteristics of your essential oils to persuade European buyers to purchase it from you. For example, besides its fresh, woody, balsamic and slightly spicy and fruity scent, frankincense essential oil also provides fragrance formulators with beneficial properties as an active ingredient.

Build a marketing story for your essential oil, placing emphasising your key strengths. The Indian company [Falcon](#) exports patchouli oil to the European market; it is successful in clearly highlighting its strengths. In particular, its strengths within the fragrance and cosmetic industries.

4. What are the prices for essential oils on the European market?

There is a big difference between prices of individual essential oils. In the case of frankincense, the market price has been increasing steadily. This is because of an undersupply in frankincense oil and growing demand in the global market. The FOB prices of frankincense ranges from USD 750 to USD 850 per litre. It is expected that the price will increase further in the coming years.

For patchouli, the price differs depending on the quality. Prices of patchouli were affected by unfavourable weather conditions in 2019, causing an increase. The FOB market price of patchouli is around USD 65 per litre.

Figure 5: Estimated price breakdown of essential oils in the European market



Source: Ecovia Intelligence

Tips:

Visit online trading platforms such as [Alibaba](#) to stay up to date with prices your competitors have set for essential oils. Doing so provides you with useful knowledge when deciding prices for your essential oils.


Ensure that your prices reflect the quality levels and delivery conditions, with failure potentially resulting in financial costs. For example, higher quality essential oils require more processing compared to essential oils of lower quality, so be sure to factor this in your pricing.

Be flexible with prices when buyers order larger volumes. You can offer them a discount once you establish a relationship with them.


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