

Entering the European market for shea butter

To enter the European market for shea butter you must meet the 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 they will give you an advantage in your journey to enter the European market. The European market for shea butter is divided into two segments, providing different channels you can enter through. When entering the European market, you will face competition from other countries, companies and products. In recent years, prices of shea butter have increased.

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

What are mandatory requirements?

As an exporter of shea butter from a developing country, your shea butter can only be exported for the European cosmetics market if you comply with the European Union's (EU) mandatory legal requirements for natural ingredients for cosmetics. Non-compliance will prevent your shea butter from entering the European market for cosmetics.

As an exporter of shea butter from developing countries, you have to abide by some of the main regulations for cosmetics products. 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. Claims concerning [sunscreen products](#) have specific requirements.
- [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.

Tips:

Provide European buyers detailed information about your shea butter; this includes information about its physical and chemical, microbiological and toxicological characteristics, and animal testing. This is because European buyers need to include this information in a "Cosmetic Product Safety Report" and a "Product Information File".

Visit the [European Commission Trade Help Desk](#) as it provides a complete list of requirements. Enter shea butters HS code (151590) and review the assistance provided there.

Technical Documentation

In order to comply with the EU's legal requirements, European buyers of shea butter for cosmetics need you to provide a well prepared technical dossier. The technical dossier should include:

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

Tips:

Review the [CBI study on how to prepare technical dossiers for cosmetics 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](#), [Certificate of Analysis](#) and [Safety Data Sheet](#) for refined shea butter.

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

For shea butter to enter the European market you must comply with the requirements on using plant resources agreed under international treaties and protocols within the Convention on Biological Diversity (CBD). The CBD is a part of EU law, but your own country is likely to be a signatory. This means you need to comply with the CBD in order to meet your national laws. For example, in Burkina Faso the shea tree is of [great environmental importance](#), and is therefore protected under the country's national forestry code.

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. ABS is also likely to be a part of your country's regulations. As an exporter of shea butter 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. Thus, giving you more knowledge about exporting from your country.

What additional requirements do buyers often have?

Quality requirements

In 2017, an [African standard for unrefined shea butter](#) was approved for the food industry. However, at present there is no official grading system for shea butter for the cosmetics industry. The Global Shea Alliance has

developed a standard only for shea kernels, along with providing guidance on best practices for production of quality shea nuts. The [African Organisation for Standardisation](#) is currently in the process of developing a standard for shea butter.

The production process is important for shea butter. The product you export to the cosmetics industry should have a low Free Fatty Acid content (FFA <0.75%), low peroxide value (preferably <1 milliequivalents per kg), low impurities (<0.1%) and low moisture content (<0.1%), for refined butter. Work towards meeting these suggested quality requirements. You should also speak to European buyers and find out their preferences and specifications so your end product meets those as well.

Tips:

Consider becoming a member of the [Global Shea Alliance](#) to review its guidance on best practices for production of quality shea nuts.

Meet the suggested quality requirements the cosmetics industry has for shea butter, as this helps to show your credibility as an exporter. This will make it easier for you to enter the European market.

Meet the preferences and specifications that European buyers of shea butter have, as it shows your commitment to exporting high-quality shea butter. This will make it easier for you to enter the European market.

Adopt various quality standards, in order to increase the quality of your shea butter. Examples include [ISO22000](#) and [ISO 9001:2015](#) and [Food Safety System Certification \(FSSC\) 22000](#). Other common guidelines you should consider following include [Good Agricultural and Collection Practices](#) and [Hazard Analysis & Critical Control Points](#).

Labelling and packaging

As an exporter of shea butter from a developing country, you should consider meeting the additional labelling and packaging requirements that European buyers commonly 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 shea butter.

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

- Using polythene-lined boxes, aluminium, lined or lacquered steel containers as they do not react with the components in shea butter.
- Ensuring packaging materials such as boxes and containers are clean and dry before
- Filling headspace of packaging materials with gases, such as nitrogen or carbon dioxide as they do not react with shea butters constituents.

Tips:

Have various options of packaging sizes available for buyers. Shea butter is traded in volumes ranging from 1-5 kilograms to tonnes.

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

Ensure certified organic shea butter and conventional shea butter is 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 shea butter, 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 a 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 by firstly assessing your needs, secondly by speaking to European buyers and finding out their needs and thirdly by working out a compromise which satisfies both parties.

See the [CBI study on 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. Any goods imported to the EU must be insured and the buyer is usually in charge of the insurance. European buyers of shea butter prefer to ship according to FOB terms. However, this changes depending on the buyer.

Tips:

Keep in mind the three important factors of delivery time, volume and cost when determining which delivery terms are the most suitable for your business needs. Remember there will be tensions and trade-offs, particularly when you are doing business with a European buyer for the first time.

Familiarise yourself with [Incoterms](#). This may help you when negotiating payment and delivery terms with European buyers.

Speak to your logistics provider about what the global COVID-19 pandemic means for you before agreeing delivery terms with European buyers. This is because delivery times could be longer due to the global COVID-19 pandemic.

What are requirements for niche markets?

Organic and fair trade

There is a growing demand for certified raw materials on 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. Two of 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](#).

Fair trade is also becoming popular among European cosmetics manufacturers. This is because it pertains to various environmental and social attributes of sustainability. Examples of various fair trade standards include:

- [Fairtrade International](#)
- [Ecocert Fair Trade](#) and [Fair for Life](#)
- [FairWild](#)

Tips:

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

Inform European buyers of shea butter if you have natural and/or organic certification. Doing so is likely to make you more appealing to European buyers, which will help you 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 shea butter on the European market?

The commercial production of shea butter is concentrated in African countries: Ghana, Nigeria, Burkina Faso,

Mali, Benin and Uganda. In the European market, shea butter is mainly used in the food industry, with the cosmetics industry only having a small share.

How is the end-market segmented?

The European market for shea butter can be segmented by end-user industries: the food and cosmetics sector. See Figure 1 examples of shea butter products on the European market as it shows the end-market segmentation of shea butter on the European market. About 90 percent of shea butter goes to the food industry, according to the [Global Shea Alliance](#).

Figure 1: Examples of shea butter products on the European market



Source: Various

Food industry

The food industry is the largest consumer of shea butter. It is mainly used in confectionary products because it is a substitute for cocoa butter. The benefits of using shea butter in the confectionary industry include its nutritional content, the fact that it is a cocoa butter equivalent, and that it actually improves on cocoa butter because of its nutritional content and its high-quality fat content.

Cosmetic industry

About 10 percent of shea butter goes to the cosmetics sector. Cosmetic companies in Europe use shea butter as a moisturising body butter in their products. The concentration of shea butter in cosmetic products can range between 5 and 50 percent. Shea butter has a number of beneficial properties for the skin. Many companies use

shea butter because of its outstanding emollient properties, particularly its ability to soften the skin along with treating dry skin areas.

Shea butter is also used in the cosmetics sector in the form of ingredients, such as olein and stearin. They are produced through the process of chemical derivatisation. The Swedish company AAK offers a wide range of functional ingredients derived from shea butter. The main driver of innovation in the shea-derived ingredients sector is increasing demand for personal care products with clean formulations. Personal care companies are replacing synthetic ingredients with natural alternatives with similar efficacy. The traceability of shea-derived ingredients makes them an attractive choice for personal care formulators. It is expected that the demand for shea butter and shea-derived ingredients in the cosmetic sector will continue to increase in the future.

This study looks at the use of shea butter by the cosmetics industry.

Tips:

Familiarise yourself with the beneficial properties that shea butter offers the cosmetics industry, such as its emollient properties. This is because shea butter's emollient properties are among its major selling points for the European cosmetics market.

Visit trade fairs to test if the industry is open to your product, get market information, and find potential buyers. It will also give you the chance to speak to end-users and distributors, and to gauge your competition, especially the way they are marketing their products.

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 shea butter end up on the end-market?

Figure 2 shows the export value chain for shea butter on its journey to reach the European market. The processing and exporting of shea butter is frequently combined and done by the same company in shea-producing countries. However, food companies tend to source shea kernels and process them themselves. The process of shea butter production includes collection of kernels, drying and milling. The extraction of butter is traditionally done by hand kneading. The butter is eventually boiled, filtered and packed in airtight containers.

Processor

European processors can directly source shea butter from developing countries as it provides them with greater transparency and control over product quality. Swedish-Danish processor [AAK](#) directly sources shea butter from West African countries such as Ghana and Burkina Faso through its [responsible sourcing of shea grower project](#). European processors often travel to developing countries in person to meet their suppliers when assessing their credibility as a potential trading partner. Import volumes in this channel are larger, usually in tonnes.

Importer/Distributor

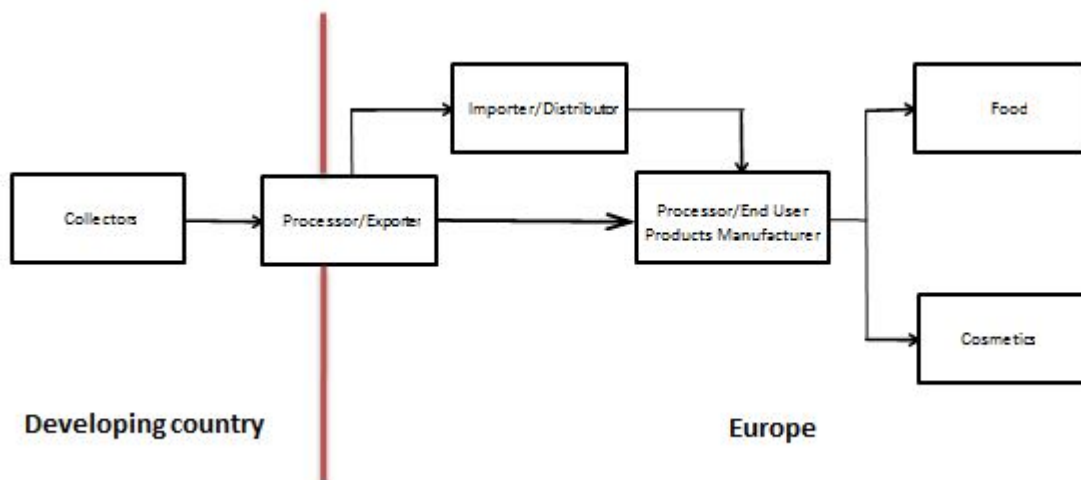
Dutch company [IMCD](#) is a leading importer/distributor of shea butter in Europe. The company offers different types of shea butter such as refined and organic. Shea butter enters the European market in a dried form. Other importer/distributors of shea butter include [Ceratec Sarl](#), [EICO Novachem](#) and [Gustav Heess](#). Import volumes range between kilograms and tonnes.

Finished cosmetic product

Shea butter also ends up in the European market as a finished cosmetic product. [Guru Nanak Oil Mills](#) is a well-

established Ugandan company exporting a range of high-quality Ecocert-certified organic finished shea butter products to the European market.

Figure 2: Export Value Chain of Shea Butter



Source: Ecovia Intelligence

Tips:

Consider expanding your shea butter portfolio. Organic shea butter, for example, will help you find a wider range of customers. Other benefits of having a wider portfolio include giving you more attention on the market, thus making you stand out from your competition.

Inform prospective buyers that you are able to supply larger volumes in tonnes if you are able to do so. This will make you more appealing to prospective European buyers and give you an advantage when entering the European market.

What is the most interesting channel for you?

As an exporter of shea butter in a developing country, importer/distributors are the most interesting channel for you. Unrefined shea butter is usually processed in Europe. European importers supply shea butter further to processors or to personal care manufacturers. However, there has been a trend towards local processing in recent years.

The European finished cosmetics product market is another interesting channel for exporters in developing countries. [Guru Nanak Oil Mills](#) is a well-established Ugandan company exporting a range of high-quality Ecocert-certified organic finished shea butter products to the European market. However, this is only a small part of shea butter exports to Europe.

Tips:

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

Ensure you provide buyers with shea butter of high quality. This is because European buyers lose interest when a new supplier delivers a low-quality product.

Visit trade shows in order to connect with European buyers. You can use this opportunity to get contact details and network with buyers of shea butter. Examples include [InCosmetics Global](#) and [Vivaness](#).

3. What competition do you face on the European shea butter market?

What countries are you competing with?

Ghana

Exports of shea butter from Ghana are currently valued at USD 66 million. A key reason for Ghana's position is that it has comparatively better infrastructure than other countries, such as Nigeria. Ghana therefore has the ability to process shea nuts into shea butter which could then potentially be exported to the European market. Other advantages include the Ghana Export Promotion Authority's plan to double the country's shea butter exports by 2023. However, industry sources say that a challenge Ghana faces is its restriction in processing large volumes of shea butter.

Nigeria

According to the [Food and Agriculture Organization](#) (FAO), Nigeria was the biggest producer of shea nuts in 2017. The majority of shea butter produced in Nigeria is for domestic consumption. Nigeria faces several challenges, which include: deficient infrastructure, unpredictable power supply, high inflation, currency volatility, corruption, high capital cost and excessive and unpredictable regulations. As a result, shea nuts are exported from Nigeria to neighbouring African countries such as Ghana and Burkina Faso for processing as they have better infrastructure.

However, Nigeria has seen infrastructural development in recent years. This is likely to continue, and Nigeria is predicted to become the largest economy in Africa. As such, Nigeria could potentially export shea butter directly to the European market once it gets better infrastructure. To take the ability to process shea nuts in Nigeria as an example; the Nigeria Agribusiness Register is [reporting](#) that Nigerian shea dealers will build processing factories estimated at about USD 30 million in the coming years.

Burkina Faso

A report by LMC International for the Global Shea Alliance stated that Burkina Faso exported approximately 47,000 tonnes of shea butter in 2015. A key factor behind this is Burkina Faso offering comparatively better infrastructure than countries such as Nigeria; this is essential to the processing of shea nuts into butter. Other advantages offered by Burkina Faso include its government [developing strategies](#) for the shea sector. For example, strategies helping shea growers export.

However, in Burkina Faso the supply chain from shea grower to exporter can often be long, with this potentially leading to lower profit margins for prospective exporters. Additionally, the majority of shea growers are part of a collective of growers making it more difficult for independent growers to export their shea butter.

Mali

Although it is a fragile and conflict-affected country without a modern shea processing industry, Mali is the world's second largest shea supplier. It [accounted for](#) almost 20 percent of the global shea nut supply. Over the next few years, the World Bank will provide investments to develop Mali's shea processing industry capable of producing and exporting shea meeting high standards of international cosmetic industries. Investments will be

used to improve the shea collectors' access to markets and improve the quality of shea nuts through technical training. However, conflict and political instability still pose serious challenges for Mali.

Benin

Compared to Nigeria, Ghana, Burkina Faso and Mali, Benin provides a lower volume of shea nuts. However, according to a report by the LMC International for the Global Shea Alliance, Benin has recently seen increasing investment in its capacity to process shea nuts. This resulted in it exporting larger volumes of shea butter, providing a key advantage for prospective shea butter exporters. Other advantages offered by Benin include its government developing strategies [for improving its infrastructure](#) which can potentially help prospective shea exporters. At the same time, Benin faces challenges such as severe economic underdevelopment and corruption.

Uganda

Compared to Western African countries such as Nigeria, Ghana, Burkina Faso and Mali, Uganda is home to a different sub-species of shea trees. This is a central advantage for prospective Ugandan shea exporters, as this shea tree produces high-quality oil that is [softer and better suited for cosmetics](#) than trees native to West Africa. However, [challenges facing prospective Ugandan shea exporters](#) include poor physical infrastructure and high energy, transport and production costs, as well as political instability and corruption.

Tips:

Find out if your country has programmes helping exporters like you process and export your shea butter. You can do this by contacting government ministries of trade in your country because they often have information about this along with providing assistance to help you export your shea butter.

Consider joining the [Global Shea Alliance](#) because they offer a range of assistance to exporters of shea butter from developing countries.

Position yourself against exporters in competing countries. For example, Ghanaian producers should notify European buyers about Ghana's superior infrastructure and established processing sector in the country.

What companies are you competing with?

Many companies are successful in exporting shea butter to the European market. These companies position themselves as being able to deliver high-quality shea butter on the European market in accordance with common European buyer requirements as well as the requirements for niche markets.

A professional website with well-prepared content gives credibility to successful exporters. The company website usually has sections informing prospective buyers about the company itself, how it sources and processes its shea butter, and it offers technical details and certifications it holds, accompanied by professionally taken photographs.

Ghanaian companies

Several well-established companies export shea butter to the European market. [Shea Tree Ghana Ltd](#) is one such Ghanaian company. One of Shea Tree Ghana Ltd.'s strengths is that it upholds social responsibility standards, specifically a commitment to protecting the environment and giving back to communities it operates in beyond what may be required by government, association regulators and protection groups.

Nigerian companies

[Agriable Limited](#) is a well-established Nigerian company which exports processed shea kernels and shea butter to Europe. A key strength is its commitment to maintaining the highest standards of safety and quality in all it does, with this including the quality and safety of its shea kernels and its collectors. Another key strength of Agriable Limited is that it is expanding its processing capabilities to six Nigerian states to increase its production of shea kernels for global export.

Ugandan companies

[Guru Nanak Oil Mills](#) is a well-established Ugandan company which exports shea butter to Europe. Guru Nanak Oil Mills' key strength is its ability to export high-quality Ecocert and USDA Organic certified shea butter. Another of Guru Nanak Oil Mills' strengths is its commitment to upholding social and environmental standards as it has Ecocert fair trade and Fair for Life certification.

Tips:

Ensure you meet and uphold social and environmental standards, because the sustainability and traceability of raw materials are becoming very important for European buyers.

Consider acquiring certification that proves you meet and uphold social and environmental standards, such as [EU organic](#), [Ecocert fair trade](#) and [Fair for Life](#) certification.

Ensure you have a professional website with well-prepared content that clearly informs prospective buyers of your key strengths, such as the certifications you hold and your commitment to upholding social and environmental standards.

What products are you competing with?

Shea is frequently used as an emollient in moisturising treatments applied directly to the skin to soothe and hydrate it. Emollients are frequently used to manage dry, itchy or scaly skin conditions such as eczema, psoriasis and ichthyosis along with helping to prevent patches of inflammation and flare-ups of these conditions.

Baobab oil

According to industry sources, baobab oil is a product competing with shea butter because it is also an emollient. However, industry sources suggest baobab oil is not a threat to shea butter because of the greater availability of shea butters. Formulators are also more familiar with shea butter because it has a well-established supply chain and is widely used.

Figure 4: Baobab oil



Source: Marcus Z-pics/ Adobe Stock

Mango butter

According to industry sources, mango butter is another product competing with shea butter because it is also an emollient. However, compared to mango butter, unrefined shea butter has [more nutrients](#), giving it an advantage over mango butter. Mango butter has a slightly lighter feel; however it is harder than shea butter at room temperature thus making it more difficult to use.

Figure 5: Mango butter



Source: svf74/ Adobe Stock

Cocoa butter

Cocoa butter is another product competing with shea butter because it has similar properties in cosmetic products and is solid at room temperature. Shea butter's [advantages over cocoa butter](#) include its lower price and greater marketing potential. Compared to shea butter, there is greater availability of cocoa butter; however a larger share of it is used by the food industry.

Figure 6: Cocoa butter



Source: Africa Studio/ Adobe Stock

Tips:

Familiarise yourself with competing products that are available in the European market. Learn about their strengths and weaknesses. Do this by reviewing the CBI Studies on baobab oil and mango butter.[\[cleclusel1\]](#)

Use shea butter's strengths as an opportunity to persuade European buyers to purchase it from you.

Build a marketing story for your shea butter. Place emphasis on it being a well-established product with [several positive aspects](#).

4. What are the prices for shea butter on the European market?

The price of shea butter is influenced by cocoa butter prices. The volatility in cocoa butter prices has forced confectionary producers to find alternatives. In 2019, the cocoa butter prices rose by about 14 to 18 percent, which increased prices of shea butter. Increasing demand for shea butter also influences prices. The CIF market price of raw shea butter is around EUR 1.8 per kilogramme.

Figure 7: Estimated price breakdown of shea butter products in the European market



Source: Ecovia Intelligence

Tips:

Monitor the [prices of cocoa butter](#) because that will affect the price of shea butter.

Be open to offering discounts to buyers who order large volumes of shea butter, as European buyers are used to getting discounts when making larger orders.

Certification schemes can enable you to charge a premium for your shea butter. Make sure you can justify your price with relevant certifications.

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

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