

Entering the European market for oleoresins

To enter the European market for oleoresins you must meet the European Union's mandatory requirements. At the same time, consider meeting common additional requirements buyers and niche markets have, which will help you access the European market. The oleoresin market is divided into three segments, each having different channels for your product to enter. You face competition from suppliers in other countries, companies, and competing products in the European market.

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1. What requirements must oleoresins comply with to be allowed on the European market?

What are mandatory requirements?

EU mandatory requirements

Ensuring food safety is a top priority in Europe. As an exporter of oleoresins in a developing country, you must ensure your product is safe for the European market. You must therefore comply with [the EU's mandatory requirements for natural food additives](#). Failure to do so will prevent your oleoresins from being sold in the European market. To enter the European market, you must comply with a number of EU regulations meant to guarantee safety such as:

- The [General Food Law](#), which ensures your oleoresins' safety.
- [Regulation \(EC\) 852/2004](#), which requires a [Hazard Analysis and Critical Control Point](#) (HACCP) system, if you are a food processor of oleoresins.

Tips:

Read the [CBI study on the requirements for natural food additives to be allowed in the European market](#), which provides further information about mandatory requirements to entering the European market.

Read the EU's [guidance on how to be compliant and implement the EU's General Food Law](#). This will give you a greater understanding of a major mandatory requirement for you to comply with to enter the European market.

Read the [EU's factsheet on food traceability](#), which provides useful information about food traceability in the EU.

Read and comply with the [EU's Key Obligations of Business Operators](#).

Contamination

The EU legally requires proof that your oleoresins are not contaminated with or contain a maximum level established for elements in three categories:

1. Physical –plastic, metal and dirt residues
2. Chemical – pesticides
3. Biological – bacteria

Thus, you must prove your oleoresins free from contaminants in these three categories, or are within the levels set by the EU. Failure to comply prevents your product from entering the European market.

The EU has set maximum residue levels (MRLs) for pesticides ([EC Regulation 396/2005](#)) and heavy metals ([EC Regulation 1881/2006](#)). You must ensure your oleoresins do not contain pesticides nor heavy metals above the levels set by the EU.

European buyers regularly test imported products to check whether the oleoresins they buy are contaminated and respect MRLs, which is yet another reason for you to comply with these requirements.

Tips:

Use the EU's [MRL database](#) to identify the maximum residue levels (MRLs) for oleoresin.

Visit the [European Union's Export Helpdesk](#) for further information about MRLs.

Consider utilising guidance provided by the [Integrated Pest Management](#) system on reducing pesticide use in oleoresin production.

Keep in mind that European buyers regularly test imported oleoresins to ensure they are not contaminated nor outside MRLs.

Obtaining approval for new oleoresin flavourings

Due to stricter EU legislation, it is becoming increasingly difficult to export small volumes of new oleoresin flavourings to the European market. You need to obtain approval to enter the European market with new oleoresin flavouring. [EU Regulation 1331/2008](#) outlines the process your new oleoresin flavouring will need to go through to enter the European market.

To obtain approval for your new oleoresin flavouring, you need to go through a five-step process where you will be required to provide several types of data. The stages of the five-step process are outlined in Articles 4, 5, 6, 7 and 8 of EU Regulation 1331/2008, which include: initiating the procedure; opinion of the authority; additional information concerning risk assessment; updating the community list; and additional information concerning risk management.

Note, obtaining approval is a long and expensive process, something that is important to consider if you are an exporter in a developing country.

Tips:

Visit the [Common Authorisation Procedure section of the European Commission's website](#), which provides information and help about the approval process. Doing so will give you a greater understanding of a mandatory requirement you must comply with to enter the European market with new oleoresin flavourings.

Consider becoming a member of the [International Organization of the Flavor Industry](#) (IOFI) which will give you automatic access to the flavouring industry's latest news on legislative developments as well as other relevant topics.

Extraction solvents conditions of use

To ensure consumer safety, the EU regulates the use of extraction solvents in food production. Authorised solvents and their conditions of use, along with their maximum residue limits are outlined in [EC Directive 32/2009](#). You must therefore only use solvents in accordance with the conditions of use per foodstuff or food ingredient. The EU's authorised solvents for oleoresin extraction in compliance with [Good Manufacturing Practices](#) are the following:

- propane
- butane
- ethyl acetate
- ethanol
- carbon dioxide
- acetone
- nitrous oxide

In addition, Parts II and III of Directive 32/2009 list extraction solvents whose conditions of use are specified to ensure they are not a danger to human health. For example, the EU permits the use of methanol and propan-2-ol for all uses when residues of these two solvents do not exceed the maximum residue level (MRL) of 10mg/kg.

There has been growing consumer demand for natural foods and ingredients in Europe in recent years. Industry feedback is that this trend is set to continue. Thus, European buyers have a preference to use naturally occurring solvents for extraction, such as carbon dioxide and ethanol, which meets consumer demand for natural foods.

Tips:

Use naturally occurring solvents, which European buyers prefer because of their uses.

Take extra precaution and care when handling solvents, such as hexane, because they are dangerous and can be difficult to handle.

Labelling and packaging

Your oleoresins must comply with EU labelling of food additives and flavourings legislation to enter the European market. You must comply with different requirements depending on whether your oleoresins are for sale to the final consumer. Based on this, you must comply with the labelling requirements outlined in Chapter IV – LABELLING under Articles 21, 22 and 23 of [Regulation \(EC\) No 1333/2008](#) and [Regulation \(EC\) No 1334/2008](#). If your oleoresins are not intended for sale to the final consumer, you still have to comply with all labelling requirements.

The EU's [classification, labelling and packaging \(CLP\) regulation](#) (EC Regulation 1272/2008, the CLP Regulation) identifies hazardous chemicals and informs users about their hazards through standard symbols and phrases. Some oleoresins are classified as hazardous and chemical substances. You must determine whether your oleoresins are classified as hazardous in the [classification and labelling database](#) of the European Chemicals Agency (ECHA) website.

If your oleoresins are classified as hazardous, the EU legally requires you to comply with the CLP Regulation to enter the European market.

Figure 1: Hazard symbols for black pepper oleoresins



Figure 2: Hazard symbols for ginger oleoresin



[CLP regulation requires you to](#) package your oleoresins in a way so that contents cannot escape. Your packaging must therefore be strong and solid, and resistant to damage from its contents. If your oleoresins are supplied to the general public, they must not attract or arouse the curiosity of children or mislead customers. Packaging must not have a similar presentation or a design used for foodstuff, animal feedstuff, medicinal nor cosmetic products.

[EU organic certified](#) products must comply with mandatory labelling requirements. If you export EU organic certified oleoresins, you must comply with organic labelling requirements as well. You must therefore display where the agricultural raw materials composing the product have been farmed and the code number of the certification body next to the EU organic logo.

Tips:

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

Ensure you comply with labelling requirements for EU organic certified products, if you export organic oleoresins to the European market.

Documentation

European buyers of oleoresins often require exporters to provide organised and well-structured product and company documentation, so make sure that you can provide them to European buyers. Doing so is likely to increase your chances of entering and trading in the European market. In addition, it also creates business credibility, since it makes you look organised and well prepared.

Oleoresin exporters are usually expected to provide European buyers with:

- Safety data sheets (SDS) – This contains a product description, classification, hazard identification, and information on safety measures.
- Technical data sheets (TDS) – This contains a product description, product classification, quality analysis, information on applications, and certificates.
- Certificate of analysis (COA) - This contains analytical data from the product delivered. The COA matches: data mentioned in the TDS, the pre-shipment sample approved by buyer, and contractual agreements with buyer.

You should therefore consider having SDS, TDS and COA ready for European buyers of oleoresins. In addition. Informing potential European buyers that you already have them is likely to increase your chances of entering the European market.

Tips:

See the [CBI study on how to prepare technical documentation for natural food additives](#), which is the case of your oleoresins. The study will guide you on preparing technical documentation to successfully trade in the European market.

Review these sample [safety data sheet](#) (SDS) for turmeric oleoresins and [certificate of analysis](#) (COA) for black pepper oleoresins.

Biodiversity and species protection

Often produced from various plant sources and from different plant parts, oleoresins are the concentrated form of spices and herbs. Fruits, seeds, rhizomes and roots are the main plant parts oleoresins are produced from.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is a [multilateral treaty](#) aiming to ensure the international trade in specimens of wild animals and plants do not threaten their survival. CITES has a list of plant species that cannot be exported nor imported or for which international trade is restricted. The CITES convention became part of EU law under [Regulation No 338/97](#).

If your oleoresins have been produced from plant species, check if the plant species it has been produced from is listed on CITES's Annex A and Annex B of Regulation (EC) No 338/97. If your plant species is listed you must get an export permit from your countries CITES authority to enter the European market.

The [Nagoya Protocol of the Convention on Biological Diversity's](#) (CBD) Access and Benefit-Sharing (ABS) scheme seeks to ensure the benefits of long-established knowledge and genetic resources are shared fairly. This is of particular relevance for wild-collected ingredients.

The EU has adopted international treaties and protocols on using plant resources into European law. It is also likely that CBD is a part of your country's national laws. If your country is a signatory of the Nagoya Protocol, you must comply with it. Failure to comply results in your oleoresins not being allowed to enter the European market.

Tips:

Familiarise yourself with [CITES](#) to better understand this mandatory requirement.

Check [CITES Annexes](#) to determine whether your oleoresins require import and export permits. Contact the relevant CITES authority in your country for an export permit, if one is required. In some cases, you may also need an import permit of the country you are importing to. Contact local authorities for further information.

Visit the [CBD website](#) which provides a range of useful information on CBD and ABS. Their handy [country function tool](#) provides useful information specific to your country.

What additional requirements do buyers often have?

Quality and consistency requirements

The physical aspects of oleoresins are what European buyers mostly use to determine their quality. Physical analysis focuses on three aspects — colour, flavour and purity — whose importance depends on the specific oleoresins and the buyer.

Curcumin content is the main quality factor for turmeric oleoresins, which are used for their colouring properties. For paprika oleoresins, colouring properties, colour value, and its capsaicin contents determine its spiciness the most important. To ensure dye has not been added, European buyers may require certificates from licensed laboratories for oleoresins with colouring effects, such as turmeric and paprika. You should therefore be prepared to provide buyers with certificates when required.

Quality requirements often differ from European buyer to buyer, with this depending on their use of oleoresin. Mostly differences in quality requirements concern an oleoresin's oil content, which determines its flavour profile. For example, some black pepper oleoresin buyers require an oil content of 20%, whereas other buyers require an oil content of 25%, which provides a stronger flavour profile. You should determine your buyer's specific requirements and meet them.

In general, oleoresins used in food must be 100% pure from the named plant it is extracted from. For example, regarding paprika oleoresins 100% of it must come from fruits of *Capsicum annuum* Linn or *Capsicum frutescens*. However, sometimes it may be suitable to add other ingredients, such as edible oils, to make oleoresins smoother and more user friendly. This is the case for black pepper oleoresin. If you mixed your oleoresins with other ingredients you must label it as a 'blend of oleoresins'.

Consumers demand good-quality food and drink products. Thus, European buyers of oleoresins want consistent quality because it is central to the manufacturing of good-quality food and drink products, something consumers demand. Thus, European buyers prefer a standardised good-quality product across all packaging suitable to order volumes. You should therefore consider meeting the preferences of European buyers to increase your chances of entering the European market.

Tips:

Consider meeting the requirements and preferences of buyers because it is likely to increase your chances of entering the European market.

Develop a good level of knowledge about your oleoresins, for example, information about their colour, flavour and purity respectively. European buyers expect you to have a good level of knowledge about your product as well as being able to answer questions they may have. It also gives you credibility.

See [the CBI study on how to prepare technical documentation](#) for natural food additives, which is the case of your oleoresins. The study will give you guidance on preparing technical documentation to successfully trade in the European market successfully.

Labelling and packaging

Further to the EU's mandatory labelling and packaging requirements, European buyers of oleoresins may have additional such requirements. You should therefore speak to buyers and find out if they have any additional labelling and packaging requirements, and consider meeting them if they do, to increase your chances of entering the European market.

High-quality oleoresins are what European buyers want. Thus, consider maintaining the quality of your oleoresins by using appropriate packaging materials in accordance with CLP. Failure to package your oleoresins properly will affect quality, with European buyers potentially refusing to accept orders of low quality. You should therefore consider:

- Using food-grade containers made out of materials that do not react with oleoresins, for example glass, aluminium, lined or lacquered steel. Packaging material reactive to oleoresins results to its quality declining.
- Filling the headspace of your container with a gas that does not react with oleoresin, for example, carbon dioxide and nitrogen. Because headspaces left with oxygen for a long time can have a detrimental effect on product quality.
- Using clean packaging material at all times because using contaminated packaging materials is likely to contaminate your oleoresin.

Tips:

Find out if European buyers of oleoresins have specific packaging requirements. If they do, consider meeting them to gain an advantage in your journey to entering the European market.

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

Ensure certified organic oleoresins and conventional oleoresins are separated physically to prevent contamination.

Read articles such as the [benefits of using nitrogen to store natural ingredients](#) because it provides useful information about how to store natural ingredients so they retain their quality.

Payment terms

Payment is central to all trade, presenting risks to all involved. You should therefore do risk assessments of available payment terms before starting a trading relationship with European buyers of oleoresin. You should work towards minimising your risks while at the same time working towards meeting the needs of European buyers is what you should do.

There are [several methods of payment](#) available to choose from. [Letters of Credit](#) (LC) is however considered to be the safest payment term for both exporters and importers. This is because they allow both parties to contact an unbiased mediator, normally a bank to resolve any issues. For exporters, as long as they have dispatched goods, the selected bank is a guarantor of payment in full. On such occasions, to prevent further losses, exporters should pay for the return of dispatched goods and find new buyers for them.

Dependent on their needs, exporters and importers can choose from a [number of LC payment terms](#). They include standby, revocable, irrevocable, revolving, transferable, un-transferable, back to back, red clause, green clause and export/import. Standby is considered to be the safest for exporters, routinely being used in international trade as it provides security to both exporters and importers who have little trading experience together.

Tips:

You should work towards minimising your risks and meeting the needs of European buyers of oleoresins. European buyers if you are unable to meet their needs.

Be open minded, flexible and remember there will be tensions and trade-offs with buyers, especially if it is your first time doing business with them

See the [CBI study on organising your natural food additives exports to Europe](#), which provides useful guidance on available payment terms used in this sector.

Delivery terms

You should carefully consider time, volume and cost, the three key factors of delivery, when agreeing delivery terms with European buyers of oleoresin. Failure to meet agreed delivery terms with buyers may end your trading relationship with them. As an exporter, you should carefully consider the following with regard to the three key factors:

1. Delivery time – European buyers prefer shorter delivery times . Air freight is more reliable in terms of on-time delivery, and also generally faster than sea freight. It is important to note [delivery times may be longer due to the COVID-19 pandemic](#), including because different measures and restrictions affect the movement of goods.
2. European buyers prefer shorter delivery times . Air freight is more reliable in terms of on-time delivery, and also generally faster than sea freight. It is important to note [delivery times may be longer due to the COVID-19 pandemic](#), including because different measures and restrictions affect the movement of goods.

Tips:

Keep in mind the three key factors of delivery — time, volume and cost — when deciding which delivery terms are the most suitable for your needs.

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

Be open minded, flexible and remember there will be tensions and trade-offs with European buyers, particularly if it is your first time doing business with them.

What are requirements for niche markets?

Environmental and social sustainability

The European market is seeing growing consumer demand for environmentally and socially produced products. For example, with regard to social sustainability there is [increasing consumer demand for ethically produced products](#), particularly food products, which showed the highest growth of sustainable product sales at 18.3% in the last five years. This is a trend set to continue.

Consider getting certification to demonstrate that your oleoresins have been produced sustainably, according to environmental and social standards, to increase your chances of entering the European market. Concerning environmental sustainability, consider [meeting the UNCTAD BioTrade Principles and Criteria](#) and [FairWild](#) standards. To show that you meet social standards considering getting [Fairtrade](#) certification or meeting [FairForLife](#) standards.

Tip:

Use certification status you have obtained to your advantage. For example, make your product more

appealing to European buyers by informing them that you have the certification along with using it in your marketing materials.

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

In the European market, oleoresins are used by the food industry, health products industry and cosmetics industry.

How is the end market segmented?

The European market for oleoresins can be segmented by end-user industry in food, health products, and cosmetics.

Figure 3: Example of oleoresin products in the European market



Source: Various

Food industry

The [global market](#) for oleoresins was valued at US\$1.44 billion in 2018, and it is expected to grow at a compound annual growth rate of 4.7% to 2025. Europe accounts for approximately one third of the global oleoresin market. The food sector is the major end user of oleoresins in Europe, estimated to account for more than half of sales.

The food industry uses oleoresins because of their properties, with various oleoresins being used for different applications. Pepper oleoresin is used by the food industry to add taste, but also as a colourant and preservative because of its anti-microbial properties. Paprika oleoresin and turmeric oleoresin are both mainly used as a flavouring agent and as a colorant. Meanwhile, capsicum oleoresin is mainly used to add flavour because of its stronger taste.

European buyers of oleoresins usually have specific requirements per oleoresin. For example, buyers have revealed a preference to buy paprika oleoresin with 100,000 colour unit content. Thus, speak to European buyers and determine if they have specific requirements and consider meeting them as it likely to increase your chances of entering the European market.

Health product industry

The health product industry uses oleoresins in its products because of its properties. Chilli oleoresin is used for

its analgesia, antioxidant, anti-cancer and anti-inflammation properties along with its ability to reduce free radicals. Meanwhile, turmeric oleoresin is used to treat a number of skin diseases.

Cosmetics industry

The cosmetics industry uses oleoresins because of the subtle flavours and scents they impart, along with the consistency they provide. Oleoresins are found in cosmetic products such as lotions because of their water insolubility; they are also used as a fixative in perfumes and colognes. Oleoresins can also be used as a colourant, for example paprika is used in products for its bright red or orange colour.

The health product industry and the cosmetics industry have requirements for oleoresins depending on their end-user application. For instance, there will be different requirements for lotions in the cosmetics industry than those in natural health products.

Tips:

See the CBI study on [which trends offer opportunities or pose threats in the European natural food additives market](#), which provides useful information about the European natural food additives market.

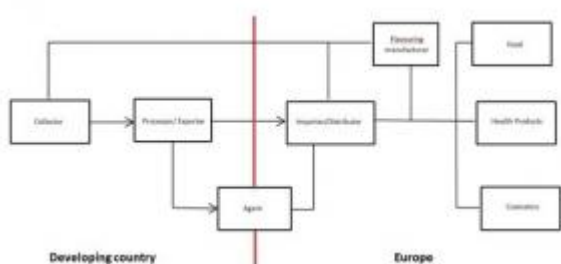
Visit trade fairs to test if the industry is open to your product, get market information, and find potential buyers. They will also give you the chance to speak to end users, importers, processors and gauge your competition, especially how they are marketing their products.

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

Through what channels does oleoresins end up on the end-market?

Figure 4 shows the export value chain for oleoresins on their journey to enter the European market.

Figure 4: Export value chain for oleoresins



Source: Ecovia Intelligence

Importer or Distributor

As a processor or exporter of oleoresins, European importers and distributors are the main entry points to the European market for oleoresins. European importer and distributors typically deal in a wide range of natural ingredients. Their expertise is in the global sourcing of natural ingredients, ensuring quality and documentary and regulatory compliance, along with selling to flavouring manufacturers and food manufacturers.

Leading importer / distributors of oleoresins on the European market include [Rüther Gewürze GmbH., Holland](#)

[Ingredients B.V.](#) and [Henry Lamotte Oils GmbH](#).

Flavouring manufacturer

As a processor or exporter of oleoresins, flavouring manufacturers are another entry point to the European market. Flavouring manufacturers buy different natural ingredients based on their flavour. They then blend natural ingredients together to make a distinct flavour profile for different segments of the food industry. [Givaudan](#) and [Symrise](#) are two important flavouring manufacturers in the European market.

Agent

An export agent is a firm or an individual that undertakes the majority of exporting activities on behalf of an exporter for a commission. Agents can be found in developing countries as well as in Europe; however, it is not that common 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.

Tip:

Be prepared to send high-quality samples to prospective buyers who will test samples to assess whether you are a credible supplier or exporter of oleoresins. Request for samples is standard procedure in the natural food additive sector. Being prepared gives you an advantage when you are looking to enter the European market.

What is the most interesting channel for you?

For processors and exporters of oleoresin, importers and distributors are the most interesting channel because they specialise in importing and distributing oleoresins in the European market, have a good understanding of the European natural food additive market and a wide range of customers. In addition, importers and distributors also have storage facilities and an established logistics network. When combined all together, this can be very helpful to small and medium-sized exporters of oleoresins in a developing country, like you.

Tip:

See the CBI study on [tips for finding buyers in the European natural food additives market](#) for useful information and guidance on finding buyers in the channels you can use to enter the European market, particularly importers and processors, your main points of entry.

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

Which countries are you competing with?

Developing countries successfully exporting oleoresins to the European market can pool their key strengths, which is important to their success. Government support and improving infrastructure are two such examples.

India

Eurostat data shows India was the largest exporter of oleoresins to Europe in terms of volume in 2019. [India has an established commercial oleoresin production industry](#) which accounts for 70% of global oleoresin production, helping India to dominate the [global market for spice oleoresins](#). India has favourable climatic and soil conditions for growing spices and semi-tropical herbs, making it a leader in spice production. This is particularly important because spices are key raw materials from which oleoresins are made.

[Marketsandmarkets.com describes restraints](#) of the market for oleoresins. A lack of availability of spices due to seasonality and subsequent increase in prices are two key challenges facing India's oleoresins industry. Thin margins and increasing competition from China, plus rising production costs are two other key challenges to India's oleoresin industry. European buyers of oleoresins from India have on the whole reported positive experiences. Reasons for this include Indian oleoresin suppliers providing high-quality products, good prices, as well as being reliable and transparent.

China

In terms of volume, Eurostat data shows China was the second-largest exporter of oleoresins to Europe. China has an established commercial oleoresin industry which is developing. The [cost of paprika oleoresin production](#), for example, is lower in China compared to other countries, thus giving China a competitive advantage.

Foreign companies have been setting up oleoresin production in China in recent years, thanks to greater raw material availability and lower prices. However, India's superior climatic conditions for growing spices, which is central to the production of certain oleoresins, is a key challenge facing China's oleoresin industry. European buyers of oleoresins from China have reported positive experiences, including the professionalism of Chinese suppliers and good-quality products.

Sri Lanka

Sri Lanka was the third-largest exporter of oleoresins to Europe in terms of volume in 2019, according to Eurostat data. One of Sri Lanka's key strengths is its government supporting its oleoresin industry. For example, the Sri Lankan Export Development Board is [supporting the Sri Lankan oleoresin industry](#) by promoting companies manufacturing oleoresins globally.

Sri Lanka's favourable climatic conditions, fertile and diverse soil types for [growing a variety of spices](#) is another of its key strengths as spices are key raw materials in oleoresin production. However, a lack of technology and mechanisation, which are essential to oleoresin production, particularly in the small-scale processing sector, is a key challenge facing Sri Lanka's oleoresin industry.

Shortage of labour, lack of formal training to enhance the skills of the existing workforce, inadequate standards and codes of conduct to maintain best quality and traceability are other [challenges facing Sri Lanka's oleoresin industry](#). European companies view Sri Lanka more favourably because contacts in Sri Lanka usually speak fluent English, which makes business communications easier.

Mexico

Eurostat data shows Mexico was the fourth-largest exporter of oleoresins to the Europe in terms of volume in 2019. Mexico has an established commercial oleoresin production industry. [Several spices, such as paprika, vanilla, pimento, nutmeg and mace are produced in Mexico](#), which is particularly important because spices are key raw materials in oleoresin production.

Mexico's government is supporting its agricultural sector, where spices fall, however, a key challenge facing Mexico's oleoresin industry concerns difficulty competing with countries like India and China, which produce large volumes of oleoresins. This is likely to influence European buyer perception, particularly buyers that require larger volumes and look for continuity of supply.

Indonesia

Eurostat data shows Indonesia was the fifth-largest exporter of oleoresins to Europe in terms of volume in 2019. Indonesia has an established oleoresin industry. In recent years, experts have seen a trend of oleoresin manufacturers being attracted to major spice producing countries, such as Indonesia, because of greater raw material availability and lower prices.

Indonesia's [favourable climatic and geographical conditions](#) make it a [leading global producer of spices](#), particularly pepper, nutmeg and cinnamon, which is important because spices are key raw materials in oleoresin production. The Indonesian government also supports the country's spice industry.

However, challenges facing Indonesia's spice industry, which affects its oleoresin industry, include ageing plants, shrinking plantations and a lack of knowledge of proper cultivation and post-harvest management procedures among local farmers.

Lebanon

Eurostat data shows Lebanon was the sixth-largest exporter of oleoresins to Europe in terms of volume in 2019. One of Lebanon's key strengths concerns spices, such as oregano, being native to the country and cultivated along [with thyme, seemingly growing everywhere across the country](#). This is important since herbs and spices are raw materials in oleoresin production.

The lack of ability to compete with countries such as India and China, which produce larger volumes of oleoresins is a key challenge facing Lebanon's oleoresin industry. This is likely to influence European buyer perception, particularly buyers that require large volumes and look for continuity of supply. In addition, climate change is a central challenge facing Lebanon's agricultural sector.

Tips:

Find out if your country has programmes helping exporters process and export oleoresins. Contact government the ministry of trade or equivalent in your country, which sometimes provides assistance to exporters.

Position yourself against competing countries. For example, producers in countries such as China and Indonesia should highlight greater raw material availability and lower price compared to other countries. Thus, it is more likely that they offer a better price compared to countries where this is not the case.

Read the [World Bank's report droughts and agriculture in Lebanon](#), which provides useful information about Lebanon's agricultural sector.

Which companies are you competing with?

Companies successfully exporting oleoresins to the European market position themselves as being able to deliver high-quality oleoresins that meet common European buyer requirements and requirements for niche markets. These companies look reputable in the European market because meeting requirements gives them credibility, which applies to the selected companies here.

Established companies have a professional website containing well-prepared content, including sections informing prospective buyers about who they are, how they source and process their oleoresins along with technical details, as well as the certifications they hold and professional photographs.

Indian companies

[Synthite Industries Pvt. India](#) is estimated to control more than 30% of the global market for oleoresins. It is a well-established Indian company exporting oleoresins to the European market. One of the company's key strengths is its ability to export a range of high-quality oleoresins. Importantly, the company has [Food Safety System Certification \(FSSC\) 2200](#) to demonstrate that it has good food management standards in place for its products and [International Organization for Standardization \(ISO\) 900:2015](#) certification proving it has a quality management system in place during production.

Synthite Industries also has [ISO 14001:2015](#) certification to demonstrate it has an environmental management system in place, plus a strict quality control system with an in-house laboratory.

Chinese companies

[Hebei Tianxu Biotech Co.,Ltd](#) is an experienced Chinese company exporting oleoresins to Europe. The company exports high-quality oleoresins under [ISO 9001:2000](#) certification, which demonstrates it has a quality management system in place during production. The company also has a strict quality control system in place with its own laboratory.

Sri Lankan companies

[H.D.DE SILVA & SONS \(PVT\) LTD](#) is a well-established Sri Lankan company exporting oleoresins to the European market. One of the company's key strengths is its ability to export a range of [EU organic](#) certified oleoresins. The company also holds [FSSC 2200](#) certification, which attests that it has good food management standards in place for its products.

They also have [Fairtrade](#) certification for corporate social responsibility and their own laboratory to ensure product consistency and quality.

Tips:

Consider obtaining certification to show that your oleoresins are of high quality, such as [FSSC 2200](#), [ISO 9001:2000](#) and [ISO 9001:2000](#).

Consider obtaining certification showing that you meet and uphold organic, social and environmental standards, for example, [EU Organic](#), [ISO 14001:2015](#) and [Fairtrade](#) certification respectively.

Make sure you have an online presence with an up-to-date website because prospective European buyers frequently use the internet to find and assess companies before doing business with them.

Which products are you competing with?

Spices

Spices such as turmeric, ginger, cinnamon and chilli, which are commonly used in the food industry are competing products to oleoresins. [A key strength of spices](#) is their availability in whole, dried and extractives form, with them having their own individual strengths. For example, fresh whole spices give a fresh taste to food compared to dried spices, which have a longer shelf-life and lower cost.

Health and medicinal benefits of spices are another key strength. For example, the [health benefits of ginger](#) include improving digestion, blood sugar levels, and lowering harmful cholesterol levels along with reducing inflammation, nausea and menstrual pain.

Oleoresins provide several advantages over conventional herbs and spices. Oleoresin flavour is about 5–20 times stronger than that of corresponding herbs and spices on a per kilo basis, allowing, for example, 5–10 kg yield of oleoresin to replace the equivalent of 100 kg of black pepper spice. Oleoresins can also be standardised for flavour, have longer shelf life than spices and are free from microorganisms and enzymes.

The impact of climate change on spice cultivation and production, which can lead to a lack of availability and increase in prices is a key disadvantage of spices. For example, in India which is the largest exporter of turmeric to Europe in terms of volume, erratic weather, such as floods and droughts, has [destroyed turmeric yields and led to fluctuating prices](#). Adulteration and concerns about quality of spices is another weakness of spices. For example, industry sources state adulteration is a key food safety issue for turmeric from India, especially when the country supply is low.

Essential oils

Essential oils such as black pepper, citrus, lavender, peppermint, oregano and thyme, which are commonly used in the food industry are competing products to oleoresins. Strengths of essential oils include them providing strong aromatic effects, as well as being stronger in flavour when compared to oleoresins.

However, [oleoresins have](#) advantages over essential oils, such as fewer low flavour notes are destroyed during its extraction than during the steam distillation of essential oils. In addition, heavy oils of oleoresins contain some important flavour notes not present in oils. For example, compared to black pepper oil, black pepper oleoresin contains the pungent crystalline material piperine along with other low flavour and top flavour notes.

Synthetic ingredients

Synthetic ingredients used to add flavour in the food industry are competing products to oleoresins. Advantages synthetic ingredients have over oleoresins include consistency of quality and greater reliability of supply, as they are less prone to weather conditions and harvests. In addition, depending on their application in the food industry, synthetic ingredients can be modified by formulators.

European food manufacturers are replacing synthetic and harmful ingredients due to the rising health consciousness of European consumers and their willingness to spend more on high-quality products. In addition, according to a European trader interviewed for this report, the trend towards naturalness in the flavours sector is expected to continue in the near future, which presents an opportunity for oleoresins.

Tips:

Familiarise yourself with products competing with oleoresins that are available in the European market. Learn about their strengths and weaknesses by reading the CBI study [Exporting essential oils for food to Europe](#).

Position yourself against competing products. Do this by highlighting the strengths of your company and of oleoresins to European buyers, for example, their high quality and any certification you may have.

4. What are the prices for oleoresins on the European market?

The price of turmeric oleoresin can range between US\$80/l and US\$100/l (FOB). The price of paprika oleoresin of 100,000 colour units can range between US\$23/l and US\$35/l (FOB). The price of black pepper oleoresins can range between US\$23/l and US\$30/l (FOB).

Several factors influence the price of oleoresin, from the availability of raw materials such as herbs and spices which are central to production of oleoresin, to harvests, to quality differences and climate change, which affects weather patterns, such as the monsoon. The nature of oleoresin supply is seasonal and can change every year, so prices are therefore subject to continual change.

Figure 6: Estimated price breakdown of oleoresins in the European market



Source: Ecovia Intelligence

Tips:


Carefully calculate the price breakdown of your oleoresins before setting and agreeing prices with European buyers to avoid incurring financial losses, so you can recover your production and export costs, and still make a profit.


Consider offering discounts to buyers ordering oleoresins, in particular those with large orders, because buyers are used to this. Ensure you include discounts offered in your original calculations so that you do not sell at a lower price than your costs.


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

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