

Which trends offer opportunities or pose threats on the European market of natural ingredients for cosmetics?

Demand for natural ingredients for cosmetics is on the rise in Europe. Environmental issues are growing in importance, making sustainability, ethical sourcing and their related labelling schemes more prominent. Changes in consumer behaviour and lifestyles are also creating openings for natural ingredients. Although these trends are creating opportunities for natural ingredients, regulations and political uncertainty pose major challenges for companies seeking access to the European market.

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1. Sustainability integration

Sustainability has gone from a trend to an integral part of the cosmetics industry. Companies now integrate sustainability into raw material sourcing, product formulations, production processes, packaging, distribution and marketing, as well as product end-of-life considerations.

Almost all large cosmetics companies have implemented sustainability programmes, many having ambitious targets to reduce their environmental impacts and become more resource efficient. In June 2020, L'Oréal launched its new sustainability plan called 'L'Oréal for the future'. In the plan, the cosmetics company has set sustainability targets until 2030. These include the following:

- All of L'Oréal's sites will have achieved carbon neutrality by improving energy efficiency and using 100% renewable energy by 2025.
- 100% of the plastics used in L'Oréal products' packaging will be from either recycled or bio-based sources by 2030.
- L'Oréal will reduce all of its greenhouse gas emissions by 50% per finished product by 2030, compared to 2016.

Another example is Unilever's [Sustainable Living Plan](#), which aims to reduce the company's environmental impact by half by 2030.

Cosmetic companies also want to develop products that have been produced with environmentally sustainable and responsible practices with a low environmental impact as well as providing social benefits, which opens yet more opportunities. When suppliers can demonstrate their natural ingredients comply with buyer requirements in these areas, there are good possibilities for partnerships. For example, [Neal Yard's Remedies' Project Frankincense](#) is a conservation programme for cultivating 1000 Boswellia sacra seedlings each year for ten years in Oman. This is to reverse Oman's declining population of Boswellia sacra trees from which frankincense essential oil is produced due to excessive overharvesting, livestock grazing and insect infestation.

The social sustainability aspect of cosmetic products is also becoming important. More and more cosmetics companies are putting social sustainability at the front of their agenda. In December 2019, the Swiss fragrance

and flavour company Firmenich signed the United Nations (UN) Global Compact Action Platform for Decent Work in Global Supply Chains. The platform covers areas such as communication, transparency, engagement of partners and suppliers, leadership, collaboration with other stakeholders, accountability and reporting on progress.

As sustainability becomes mainstream, it will gain even more importance in the market, creating opportunities for ingredient suppliers which can comply with sustainability requirements to work with cosmetics companies and raw material suppliers. Ways to capitalize on these opportunities include acquiring certification showing you meet environmental and social standards. Examples include meeting [UNCTAD Biotrade Principles](#), [Fairtrade International](#) and [Fair for Life](#) standards.

Tips:

Be prepared to share your sustainability practices with your buyers, whether it is working with smallholders or supplying exclusively natural ingredients.

Learn more about raw material suppliers, especially growers and farmers. Buyers are keen to learn about raw material origins, growers and farmers.

Be prepared to comply with sustainability requirements about your business practices, including International Labour Organization (ILO) [labour standards](#) and [Supplier Ethical Data Exchange \(SEDEX\)](#).

Read more about sustainability initiatives in the cosmetics industry from online sources and reading on the subject. One good starting point is the book [Sustainability: How the Cosmetics Industry is Greening Up](#).

See the [CBI study on buyer requirements](#) for natural ingredients for cosmetics for information on sustainability requirements, including corporate social responsibility (CSR), codes of conduct, implementation of resource management systems and certification standards.

2. Ethical Sourcing's growing importance

The cosmetics industry applies greater scrutiny to raw materials supply chains nowadays, especially those from agroforestry. Ethical sourcing is now prominent, as most large cosmetics companies, chemical and ingredient businesses engage in such practices. Companies are under pressure to provide greater transparency in terms of ingredient disclosure and production methods, as consumer knowledge and awareness of ingredients and environmental issues grows.

The main regulations and standards concerning ethical sourcing are based on the [2010 Nagoya Protocol](#) on access and benefit sharing (ABS), which aims to ensure that companies share the benefits from the use of genetic resources and traditional knowledge with their providers. The importance of ABS has grown in Europe since the EU adopted its own [ABS Regulation](#).

Pressure from consumer groups, nongovernmental organisations (NGOs) and government are forcing business to incorporate ethical sourcing in their business practices. Cosmetic companies in turn put pressure on their suppliers to commit to sustainable and responsible business processes. For example, Swedish-Danish ingredients company AAK, Europe's leading producer of shea butter, asks its suppliers to commit to the company's code of conduct for suppliers of raw materials. These kinds of initiatives are expected to become much more common in the coming years.

In January 2020, German personal care company Beiersdorf joined AAK's Sustainability Partner Program in Burkina Faso and Ghana. The partnership will last for five years and aims to improve production and collection

practices of shea butter through training programmes. Natural ingredient suppliers should be aware of this trend and be prepared to provide traceability and information on the origin of their raw materials. Some natural ingredient suppliers from developing countries are quite successful in ethical sourcing. Brazilian company [Beraca](#) is one of the largest producers and exporters of natural ingredients from the Amazon rainforest, which has invested in ethical sourcing projects working with indigenous communities. A member of the Union for Ethical BioTrade (UEBT), Beraca has also adopted various sustainability schemes for its raw materials. Beraca established a partnership with German chemicals company Clariant, which is actively looking for partners that practise ethical sourcing of raw materials. In addition to Beraca, Clariant has also partnered with South Korean company Biospectrum, which specialises in natural extracts from plants from Jeju Island, and Martina Berto, a cosmetics company from Indonesia.

Ethical sourcing is likely to become even more important in the cosmetics industry in the coming years. Recent technologies, such as blockchain, present a potential solution to improving traceability and enable faster responses from supply chain actors. According to [Ethical Corporation](#), traceability and environmental concerns remain as key issues for 30% percent of organisations in the coming years. Suppliers in developing countries involved in ethical sourcing are likely to find good business opportunities.

Tips:

Get more information about the sources of your raw materials, especially from growers and farmers. Know what the precise sources of your raw materials are and who are the people involved. Buyers are keen to know about raw material origin, the processes involved, the working practices applied and the growers and farmers involved.

Promote your sustainability practices to buyers, whether it is working with smallholders or supplying exclusively natural ingredients.

Be prepared to provide detailed information on raw material sources, processes and companies involved in the supply chain.

Register your company on SEDEX, which provides templates for the typical required information. SEDEX also facilitates sharing this information with potential customers.

3. Ethical certification growing

The number of ethical labelling schemes for cosmetics and personal care products is rising. This is part of a wider trend of growing sustainability certification schemes and labels for consumer products. This creates a problem for natural ingredient suppliers, which have to decide which schemes and standards to adopt, and how many.

Natural and organic standards

Natural and organic certifications are currently the most established in the cosmetics industry. The number of such standards has increased from about five in 2005 to more than 30 in 2018. The most important standards in Europe currently are [COSMOS](#) and [NATRUE](#).

The COSMOS standard was developed by some of the leading certification agencies for natural and organic cosmetics: EcoCert, Soil Association, ICEA, BDih and Cosmebio. The standard was introduced in 2010 in an attempt to harmonise the separate standards of those agencies. The second version of the standard was published in 2013. Since January 2017, [any new products requesting certification](#) would have to meet COSMOS standard requirements. COSMOS also has a certification scheme for raw materials and ingredients.

Figure 1: Cosmos Standard



Source: Cosmos

NATURE was launched in December 2017 by some of the pioneers in the natural cosmetics industry. Their declared goal is to safeguard the highest possible standards for natural cosmetics and their ingredients. In partnership with the German Cosmetic, Toiletry, Perfumery and Detergent Association (IKW), the NATRUE standards and labelling scheme for natural cosmetics was introduced in November 2008.

There are about 25 other natural and organic cosmetics standards in Europe, including [Nature & Progrès](#), [CCPB](#), [Organic Farmers & Growers](#) and [Demeter](#). Most of these are adopted on a national basis, but their adoption rates are relatively low compared to COSMOS and NATRUE.

Sustainability schemes and other standards

A number of other sustainability standards and schemes are emerging for cosmetics and personal care products. Some like [Fairtrade](#), [Rainforest Alliance](#) and [Vegan Society](#) have crossed over from the food industry. Others like [Nordic Swan](#) and [EU Eco-Flower](#) represent environmentally friendly products.

A new development is the growing number of single ingredient standards. The [Roundtable for Sustainable Palm Oil](#) (RSPO) is well established, developed by a nongovernmental organisation that champions the use of sustainable palm oil and regulates its supply chain. The [Initiative for Responsible Carnauba](#) is working to ensure responsible production of Carnauba, which is indigenous to Brazil. The [Responsible Mica Initiative](#) was introduced in February 2017, targeting child labour and working conditions in the Indian mica supply chain.

One important development for natural ingredients from developing countries is the certification of the Union for Ethical BioTrade, which requires practices that respect biodiversity and reduce biodiversity loss. [Natura](#) and [Weleda](#) were the first adopters of the standard in 2018.

[Fairtrade International](#) provides the most popular certification scheme for fair-trade products, which may contain ingredients sugar, honey, green tea and cocoa certified fair trade. Other fair-trade schemes include [Fair for Life](#), [Ecocert](#) and [Fair Wild](#). The fair-trade standard is popular in developing countries as it is mainly designed for trade to developed countries. The Peruvian [Candela](#) is an example of a Latin America company which has various certifications for its cosmetics ingredients, including amazon nut oil, sachu inchi oil, aguaja oil and copaiba oil.

Natural ingredient suppliers in developing countries should be mindful of the ethical labelling trend. Adopting one or more standards may open opportunities of market access. Suppliers of natural ingredients should focus on organic standards as well as certification schemes which include social and environmental elements, such as the ones mentioned. Downsides of adopting these standards include possible high certification costs and additional paperwork and bureaucracy.

The ethical labelling trend is likely to become more important in the foreseeable future, providing opportunities for ingredient suppliers that adopt these standards. Expect buyers to request ingredient certification from

suppliers in developing countries, which may not have market access when they do not.

Figure 2: Emerging ethical labels in the cosmetics industry



Source: Ecovia Intelligence

Tips:

Look at the criteria for ingredient certifications as natural and organic. The most popular standards in Europe are COSMOS and NATRUE. See [the COSMOS website](#) and [the NATRUE website](#) for more information.

Look at the possibilities to obtaining [Fairtrade certification](#). Among the various benefits of fair-trade certification, for instance, you can obtain assistance with market information and help with knowledge and skills building. In addition to helping ingredient suppliers to become internationally competitive, producers also enjoy the benefits of fixed minimum prices for their fair-trade certified ingredients.

Do market research to find out what claims cosmetics companies are making. You can visit trade shows and conferences that take place across Europe. If you are not able to travel to trade shows, look up marketing materials of cosmetics companies and see how they communicate their ethical and sustainability claims.

If you do not currently have the capabilities to get certification for your ingredients, consider creating a sustainability story about the way you grow, collect and/or produce your ingredients. Make sure you communicate this information to European buyers, on your website and in your marketing materials. Even though the importance of certification in Europe is increasing, European buyers appreciate transparency and authenticity of ingredients first and foremost.

See the [CBI study on buyer requirements](#) for natural ingredients for cosmetics for information on sustainability requirements, standards, codes of conduct, implementation of a resource management system and certification standards.

4. Ageing population in Europe and millennials shaping consumer behaviour

Socio-demographic changes in Europe are affecting demand for natural ingredients for cosmetics and related products. Europe's ageing population is increasing the demand for natural ingredients with active properties, such as anti-ageing. On the other hand, younger generations are seeking more sustainable and environmentally friendly products.

The [increase in life expectancy](#) makes consumers more health conscious, so they tend to shop for more natural and wellness products. Health promotion and disease prevention have also become key parts of consumers' lifestyles. As a result, cosmetic companies are launching product lines for specific consumer segments, such as anti-ageing products. Many personal care companies have developed anti-ageing skin care product lines. For example, [L'Oréal](#) launched a certified line of organic anti-ageing skin care products under the La Provençale Bio brand in 2018.

Skincare products, such as creams, serums, eye creams and face masks have gained in popularity. Important product segments include anti-wrinkle products, anti-pigmentation products and anti-stretch mark products. Many of these products contain various natural ingredients, such as liquorice, pomegranate and mulberry. Shea butter, baobab oil, mango butter, aloe vera and other ingredients are also known for their anti-ageing properties.

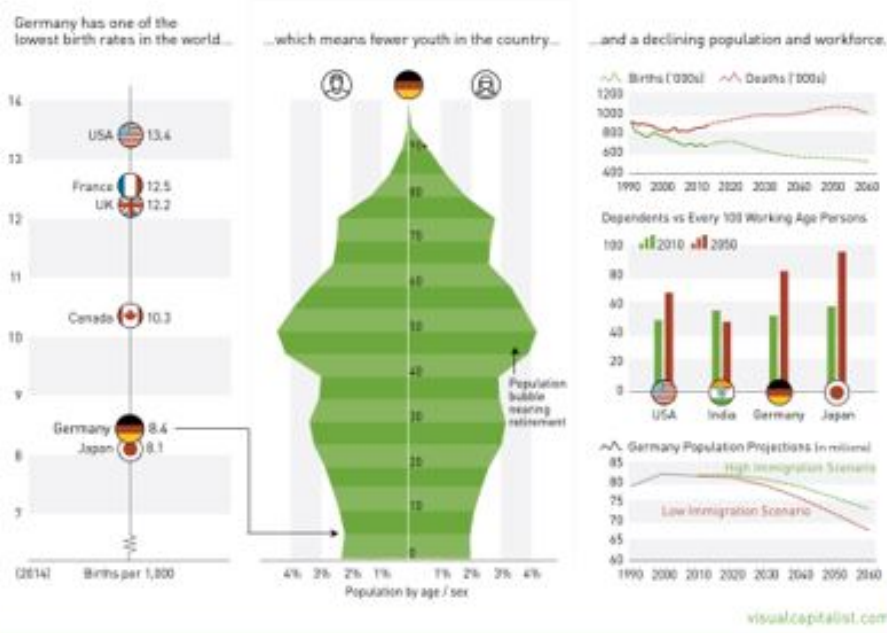
Suppliers of natural ingredients for cosmetics in developing countries should focus on ingredients that can be used in anti-ageing products. Most importantly, ingredients can only be exported to Europe when they comply with [the legal requirements for natural ingredients for cosmetics](#) and the [EU cosmetics legislation](#), including the [criteria for substantiation of claims](#).

According to feedback from the industry, the increasing demand for anti-ageing products is expected to continue in the near future.

Figure 3: Population Pyramid in Germany

GERMANY'S DEMOGRAPHIC CLIFF

Europe's largest economy is destined to be the next Japan



Source: Visual Capitalist

The millennial generation, born between the early 1980s and the mid 1990s, and the Generation-Z consumers (born from the mid 1990s onwards) are also more influential nowadays. These consumers favour natural and organic products, more so than previous generations before them. They are also more concerned with their impact on the environment and tend to opt for cosmetics that have sustainable, natural, organic, vegan and other eco-friendly claims. A [2018 survey](#) found that 76% of consumers want brands to ensure safe ingredients, while 65% also expect that a brand will disclose ingredient sources in a transparent way and another 54% are concerned about environmental impact.

These socio-demographic trends suggest that demand for natural ingredients trend is likely to grow in the future. A growing consumer base will look for natural ingredients in cosmetics and personal care products. Demand for natural ingredients from developing countries is also expected, providing opportunities for suppliers from these countries.

Suppliers of natural ingredients from developing countries should seek to adopt sustainability schemes, such as organic and fair trade. This improves credibility and competitiveness of natural ingredients in the European market. Expect European buyers to require more transparency and traceability from suppliers of raw materials. Suppliers of natural ingredients from developing countries should communicate with buyers on what they are doing in terms of traceability of their raw materials.

Tips:

Consider obtaining natural and / or organic certification, such as Natrue or COSMOS, to prove your natural ingredients meet industry standards. You may also want to consider fairtrade standards to show you meet social sustainability standards.

Look into partnering with companies developing anti-ageing products and those targeting millennials and Generation-Z consumers. Examples of these products include day and night creams, serums, face masks and eye creams.

Stay up to date on consumer trends and research information sources, such as [CosmeticsDesign-Europe](#).

Reduce the environmental impact of your ingredients. For more information on this topic, see this [Cosmetics Europe report](#).

5. The rising power of the informed consumer

Consumers are now better informed than ever about their purchasing decisions in cosmetics and personal care products. Media reports are raising consumer awareness of issues such as climate change, plastic pollution, use of pesticides and chemicals, child labour, working conditions and others. Consumers seek information online and ask business questions about their products to check if they meet their ethical and environmental beliefs.

One effect of this scenario is the surge in demand for natural and organic cosmetics. The European market for natural and organic cosmetics has grown from €1 billion in 2007 to €3.82 billion in 2018 and is [expected to reach 5 billion](#) by 2023. In comparison, the total European cosmetics market is growing at about 1% per year. Consumers are buying natural and organic cosmetics because they perceive these products as safer for human health and the environment.

Figure 4: Clean beauty trend



Source: Bare Escentuals

Another aspect of the ethical trend in cosmetics is the growing consumer demand for clean beauty products. Consumers are seeking cosmetics and personal care products that are free from synthetic ingredients, including parabens, phthalates, aluminium salts, sodium lauryl sulphate (SLS), sodium laureth sulphate (SLES) and mineral oils. The clean beauty trend started in the United States and is moving to Europe, with many small independent brands launching clean products.

Natural ingredient suppliers should be aware of cosmetics ingredients with associated health risks. They should

also know how to position their ingredients as natural and clean.

Suppliers should also learn about the many ways natural ingredients can be used as substitutes to synthetic chemicals, as well as how they can be used as feedstock in place of processed ingredients. Suppliers can share this information with potential buyers to encourage them to switch to natural ingredients.

As European consumers better inform themselves, they will ask more sophisticated questions about cosmetic products, leading to more demand for natural products and natural ingredients. Expect opportunities for natural ingredient suppliers in developing countries to grow as well.

Tips:

Learn more about contentious cosmetic chemicals, especially those associated with health risks. The Environmental Working Group produces reports on chemicals in cosmetics and their health risks. Learn more in their report [The Toxic Twenty Chemicals and Contaminants in Cosmetics](#).

Consider marketing ingredients as natural and clean if they do not use contentious chemicals. This could help your chances of finding buyers in the European market. Ingredient traders and buyers are increasingly looking for reliable suppliers of natural ingredients. Consider certification for your ingredients. Certification agencies, such as [NATRUE](#) and [COSMOS](#) offer schemes for raw materials in categories such as natural, natural with organic portion and organic. Review EU regulations on cosmetic claims covered in Article 20 of the [Cosmetic Products Regulation \(EC\) No. 1223/2009 \(CPR\)](#) and [Regulation \(EU\) No. 655/2013](#), including the 2017 update to the [Technical document on cosmetic claims](#).

Make sure that you back up your environmental claims with certifications, scientific evidence and data, which provide more credibility to your raw ingredients. Make sure to promote this information when contacting and negotiating with buyers.

6. Mobile apps and technology trends

Mobile technology has enabled consumers to be better informed when buying products. The internet has also made raw materials more accessible to cosmetics companies, while also increasing competition among suppliers. This scenario presents potential opportunities for natural ingredient suppliers in developing countries.

The growing use of mobile devices has broadened consumer access to information. Consumers now demand greater transparency from businesses about the products they sell, including cosmetics ingredients, production methods, labels and standards. A number of mobile apps and tools now exist to help consumers make more environmentally friendly choices, such as [ThinkDirty](#) and [EWG Healthy Living App](#). Millennials and Generation-Z consumers tend to form the demographics using these apps, so this trend is expected to be more prominent in the future. Suppliers of natural ingredients in developing countries can learn about such mobile apps and about contentious ingredients more easily, which may help them with accessing the European market.

Figure 5: EWG Healthy Living app



Source: EWG

In another technology related development, several online platforms now connect ingredient suppliers with the makers of finished products. Online platforms, such as [Connature](#) and [Neat Wholesale](#), give raw material suppliers in developing countries access to a global market of cosmetics companies. On the other hand, they increase competition, which may force raw material prices down.

Online platforms for raw materials are expected to be more common in the future. However, the growing demand for transparency and traceability may stop them from replacing traditional ways of sourcing in the near future. For now, online platforms can be used to trade smaller quantities of raw materials.

Tip:

Make sure to market your ingredients at competitive prices. Research pricing and portfolios of competing ingredients beforehand. You can visit trade shows in Europe, such as [InCosmetics](#), to gather such data. If you cannot visit trade shows, you can find this type of information online, including on [Connature](#), [NEAT Wholesale](#) and [ImportExportPlatform](#).

7. Highly regulated market

Europe has some of the tightest regulations for cosmetics in the world. Natural ingredient suppliers must comply with these regulations to ensure market entry. They also need to be up to date with regulation changes to prevent losing market access. Regulations tend to become ever more stringent, which can affect many exporters in developing countries. Suppliers of natural ingredients from developing countries need to stay up to date on regulatory changes, including by following market-related news and staying in regular contact with buyers about legal requirements.

In Europe, the use of hazardous chemicals in cosmetics is regulated under the [REACH Regulation](#), which EU importers must follow. The EU banned the use of animal-testing methods on cosmetic products in 2004 and in cosmetics ingredients in 2009. Several European countries have also banned the use of microplastics in cosmetics and personal care products, including the UK, France, Finland, Norway, Sweden, Denmark and Luxembourg.

European companies also need to comply with legislation on access and benefit sharing (ABS). This is most relevant for natural ingredients sourced from developing countries (see more about ethical sourcing trend above).

Some market actors have expressed concern about possible new, stricter regulations on fragrance allergens. The expected new rules would expand existing lists of allergens and require producers to list these allergens on packaging when present in the formulation above certain maximum levels. In particular, buyers expect these new rules to have a negative effect on the demand for essential oils for cosmetics. If new such rules do enter into effect, cosmetics producers may use fewer essential oils in their products to avoid long lists of allergens in their final products.

The tight regulatory regime in Europe can be a major hindrance for raw material suppliers in developing countries. The US and Asian markets have lighter regulations and are therefore easier to access in terms of legal compliance.

Tips:

Work closely with importers to ensure legal paperwork is up to date and compliant with regulations.

Check how to implement REACH for your product on [the website of the European Chemicals Agency](#), which gives a practical step-by-step guide.

Keep up to date with European allergen legislation, especially if you produce essential oils. Stay informed through your own national sector association, check the [European Commission](#) website for cosmetics and the [International Fragrance Association](#) website, which is involved in discussions on new legislation.

See also the [CBI study on buyer requirements for natural ingredients for cosmetics](#) for tips on how to help your buyers comply with legal requirements. This study also includes additional information on REACH, ABS and potential changes in allergen legislation.

8. Increasing popularity of food-based ingredients in personal care products

Personal care product formulations increasingly use exotic food-based ingredients. Exotic ingredients offer novelty to personal care formulators and consumers. Food ingredients also give the impression that the products are healthy and cleaner than personal care products with synthetic ingredients. Cosmetic manufacturers also use exotic ingredients in marketing stories for their products, for example on packaging and in advertising.

Exotic food ingredients are used in personal care products as botanical extracts, essential oils, vegetable butters, waxes and their derivatives. Examples of popular exotic food ingredients include avocado, baobab, mango, marula, moringa, açai, goji berry and papaya. Some personal care companies have launched individual product ranges based on specific exotic food ingredients. For example, [Laboratories Klorane](#) has a [hair care line](#) based on mango ingredients.

This trend presents an opportunity to exporters of natural ingredients in developing countries. According to an importer in France, exotic oils are fashionable in Europe. However, the feedback from the industry is also that the trend often shifts from one exotic ingredient to another, which affects the price of raw materials.

Thus, exporters of natural ingredients in developing countries should take advantage of this trend. Exotic food

ingredients from developing countries offer European personal care formulators a wide range of beneficial properties, as well as an opportunity to create an interesting marketing story.

Tips:

Use the exotic nature of your ingredients as a unique selling point when approaching European buyers.

See the CBI study on [how to prepare a technical dossier for natural ingredients for cosmetics](#), which has valuable information on how to make sure your documentation complies with EU and buyer requirements.

See the CBI study on [mango butter](#) and [baobab oil](#), which has valuable information on the demand and market opportunities for these ingredients on the European market.

9. COVID-19 impacts the European personal care sector

The coronavirus pandemic has significantly affected the European cosmetics market. Apart from affecting sales of finished products, it has disrupted the flow of raw materials. Lockdowns in various parts of the world have disrupted supply chains of natural ingredients and increased freight costs because of flight cancellations. Some natural personal care companies have stated COVID-19 has mainly affected their business through delays in the delivery of raw materials.

Some personal care companies that source directly from growers have been less affected. A German natural cosmetics company stated that they have not suffered raw material shortages because they *“work directly with small farmers and producers that have not been as affected as larger exporters.”* Personal care companies that use locally sourced ingredients have also not been affected by raw material shortages.

The COVID-19 pandemic has exposed the fragility of ingredient supply chains and has highlighted the need to diversify their source bases. It is likely that cosmetics companies will seek more control over their supply chains in the future.

On the one hand, this is a potential threat to exporters of natural ingredients in developing countries, as European cosmetics companies will want to source ingredients like essential oils locally. On the other hand, cosmetics companies will want to diversify their source base and look for new suppliers. African companies could benefit from this, as they are physically closer than those in Latin America, and parts of Asia.

Buyers are also likely to request more information on natural ingredients, as transparency is becoming more important for raw material supply chains.

Tips:

Stay up to date about the COVID-19 situation and emergency measures introduced in your country and your export markets. To do so, regularly visit news sites like [BBC News](#) and [Euro News](#).

Read the [CBI study](#) ‘How to respond to COVID-19 in the natural ingredients for cosmetics sector’.

Make sure that you stay in regular contact with your clients about the status of your deliveries and payments. If you cannot meet agreed terms, be open about this and try to renegotiate the terms.

Start preparing for further waves of COVID-19 outbreaks, so you are not caught by surprise. Make sure that you have the necessary supply of raw materials and that your suppliers and business partners

are informed about the measures that you have implemented in case of another wave.

10. Brexit and trade uncertainty

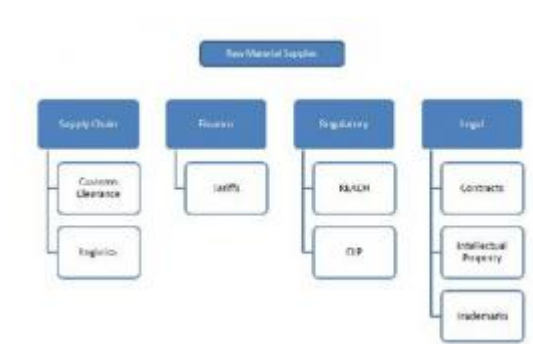
Brexit – Britain's exit from the European Union (EU) – poses a threat to supply chains of raw materials, as well as finished products. The UK officially left the EU on 31 January 2020 and is currently going through a transition period until December 2020. This means that EU law is still applicable in the UK. Political observers believe it is unlikely that the [transition period will be extended](#) from January 2021 onwards.

A no-deal scenario would mean that the UK would continue trading with the EU based on World Trade Organisation rules. This could potentially harm the UK economy and disrupt ingredient supply chains. If there is no deal with the EU, it is expected that it will take some time to renegotiate trade deals with individual countries, as well as with the EU.

The Cosmetic, Toiletry & Perfumery Association (CTPA) in the United Kingdom advocates continued compliance with European Union rules and legislation. The association calls for a tariff-free market for the export and import of cosmetic products and ingredients.

Industry sources indicate that Brexit could have a large effect on their companies. However, outcomes will depend on political decision-making. The [CTPA website](#) lists different scenarios for Brexit, including increased raw material prices from the EU, redevelopment of products, duplication of product information files (PIFs) and responsible persons (RPs), resubmission of market notifications, relabelling and increased market vigilance costs.

Figure 6: Key Considerations for Raw Material Suppliers



Source: CTPA

The UK has the third largest market for cosmetics in Europe, but most of the products are made outside the UK. Natural ingredient suppliers should focus on the EU market until there is some resolution to the Brexit process.

Tips:

Focus on non-UK markets until the Brexit outcome is clear. Stay up to date by following news and getting feedback from European partners.


Use the [UK Trade Tariff tool](#) to find out what new tariff rates would apply to your ingredients in case of a no-deal scenario. If you trade with the UK, it is important that you use the transition period to prepare yourself for the upcoming changes, including the tariffs.

For more information, see the websites of the [CTPA](#) and the [Confederation of British Industry](#).


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