



CBI  
*Ministry of Foreign Affairs*

# **CBI Product Factsheet:**

## **Emerging vegetable oils in Europe**

## Introduction

The drive for innovation in the European food industry leads companies to adopt new ingredients in order to remain competitive. The introduction of new vegetable oils (emerging oils), either as ingredients or as final consumer products, is a form of innovation, differentiation and marketing used by food companies to articulate their competitive edge. On the other side of the coin, exporters of emerging oils still face a number of challenges to access the European market successfully. Whereas the Novel Food Regulation imposes marketing restrictions on a number of innovative products, some barriers to suppliers are often related to issues such as supply sufficiency and stability. At the same time, emerging oils also provide opportunities in terms of niche marketing and value adding propositions.

## Understanding the European market for emerging vegetable oils

Innovation is high on the agenda of food manufacturers in Europe, significantly in North-Western Europe. In order to remain competitive, companies invest heavily in Research & Development (R&D), with the goal of adapting products to ever-changing consumer preferences, food health and safety requirements and introducing novelty into the food market.

A large part of this strategy consists in finding new ingredient solutions. Vegetable oils are an integral part of several food products and, as such, are an interesting basis for product development. The introduction of new vegetable oils, either as ingredients or as final consumer products, is a form of innovation, differentiation and marketing used by food companies to articulate their competitive edge.

These 'emerging oils' are vegetable oils which are relatively new to the European food sector. In general, these are oils belonging to the specialty food segment, characterised by high quality (and high value) and low volumes. The exotic origin of several emerging oils is also associated with strong marketing campaigns, articulating ancient cultures or biodiversity aspects inherent to the vegetable oil.

### **Examples of emerging vegetable oils and their applications in the food industry\***

<b>Vegetable oil</b>	<b>Application</b>
Allanblackia oil	Margarine and spreads
Argan oil	Cooking and salad oil
Buruti oil	Cooking oil, food supplements
Chia seed oil	Food supplements
Cupuaçú butter	Cocoa butter equivalent
Illipe butter	Cocoa butter equivalent
Marula oil	Cooking oil, food preservative, food supplements
Moringa oil	Cooking and salad oil, food preservative
Sacha inchi oil	Salad oil, margarine, spreads

\*Not all oils listed here are allowed for food applications in Europe

In general, the market for emerging oils provides a multitude of opportunities in the European food sector. However, if you consider exporting your emerging oil to the European food industry, there are several market characteristics, and potential risks, which you must take into account:

## Functionality versus marketing

One of the key elements in product development is functionality: how the properties of a specific ingredient contribute to the performance of the final product in terms of texture, shelf life, consumer health, et cetera.

For 'emerging oils', functionality plays an important role in determining specific applications in food products. The relevant technical aspects related to vegetable oils include chemical composition, oxidative stability, smoke point, organoleptic properties, et cetera. For instance, allanblackia oil has high melting properties, making it very suitable for use in foods such as spreads by keeping them in a solid creamy texture.

Following the health & wellness trend in the European food market, manufacturers are also increasingly interested in the health properties of vegetable oils, such as their vitamin and omega 3 content. Chia seed oil, which is a novel ingredient in Europe, has a high potential in this market due mainly to its anti-oxidant properties (i.e. high omega 3 content) but, as described under 'Food safety', European legislation still represents a barrier to the introduction of this oil into the market.

In some specific cases, however, emerging vegetable oils do benefit more from marketing claims than from their functional properties, as in the case of exotic oils (e.g. sourced in the Amazon, in North Africa, etc.). Many of these oils are not used as an ingredient, but for direct consumption (that is, cooking, salad dressing, et cetera), as in the case of argan oil and Brazil nut oil.

### Tips:

- Promote the functionalities of your product, but make sure you provide appropriate and complete documentation of your product properties. This is important for all products, but certainly crucial for oils which are lesser-known to the European market. Documentation should include:
  - Product description and code
  - Origin
  - Certificate(s) [if applicable]
  - Production: ingredients, additives, process
  - Sensorial properties: smell, colour, taste, appearance
  - Packing: net content, kind of packaging, size, layers
  - Shelf life
  - Nutritional values
  - Analytical properties
  - Microbiological properties
  - Allergy list
  - Uses / applications

Promote the health properties of your product, but only claim health benefits if such claims can be substantiated by scientific evidence! The [EU Regulation on Health and Nutrition Claims](#) strictly ensures that *any claim made on foods' labelling, presentation or marketing in the European Union is clear, accurate and based on evidence accepted by the whole scientific community*. Check the [EU Register of nutrition and health claims](#) to check the permitted health and nutrition claims and their conditions of use.

Marketing is essential in the introduction of exotic oils into the European market. A strong marketing campaign should focus particularly on the origin of the product, and articulate aspects related to biodiversity and ancient use of vegetable oils.

Stay informed about product innovations within the vegetable oil sector. Food industry newsletters such as [Food Navigator](#), [Food Ingredients First](#) and [Nutra Ingredients](#) can provide you with an overview of the main developments in the food and vegetable oil sectors

## Food safety

Europe has strict legislation regarding the safety of foodstuffs. One of the most stringent regulations related to emerging oils is the Novel Food Law (applicable to the European countries, except Switzerland<sup>1</sup>), which forms an important hurdle for sourcing emerging vegetable oils as a food ingredient to the European markets. This legal provision establishes that food ingredients not used (and/or traded) in Europe before 1997 must apply for a novel food status.

<sup>1</sup> Applying for authorisation to sell novel products on the Swiss market requires submitting a registration form to the [Bundesamt für Gesundheit - BAG](#).

Developing country exporters dealing with products which have not yet been approved under this provision will find that opportunities in European markets do not come without costly and time-consuming procedures. Moreover, application of a novel food can only be done by European companies, meaning that an exporter in a developing country should either have a European office or a European company which is interested to apply for the novel food status on their behalf.

### **Chia oil**

One of the most remarkable examples of a novel vegetable oil is chia seed oil. Chia seed, the raw material for chia oil, was only approved for human consumption under the Novel Food Regulation in 2009, and still faces a few restrictions (refer to the [CBI Product Fact Sheet on Chia Seeds in Europe](#)).

Chia oil was recently approved as a novel ingredient under the [European Commission Implementing Decision 2014/890/EU](#). This decision authorised the placing of chia oil (*Salvia hispanica*) on the market under Regulation (EC) No. 258/97 of the European Parliament and of the Council.

[Benexia Oil](#) (of Ingredia Nutritional) received a positive [draft opinion](#) from the United Kingdom's Food Standard Agency on its application, which was followed by the approval of the marketing of chia oil as a novel food ingredient in October 2014 ([Nutrition Ingredients, 2014](#)).

The use of chia oil is permitted in fats and oils, as well as in food supplements. Maximum levels have been established and specified in Annex II to the Decision. The designation of chia oil on the labelling of the foodstuffs containing it is: 'Chia oil (*Salvia hispanica*)'.

Due to its high omega 3 content, the oil can find promising opportunities within the food and food supplement sectors. Industry sources indicate that one of the most prosperous applications for chia oil lies in the combination with other vegetable oils. One example would be olive oil, which does not contain Omega 3. Combining it with chia oil would thus enrich its health properties and marketing potential.

### **Sacha inchi oil**

Mainly produced in Peru, sacha inchi oil has already been used in the European cosmetics market for several years, but has very interesting prospects for application in food products as well, due to its promising functionalities (for instance, high concentration of omega 3 and poly-unsaturated fats). Nonetheless, exporters of this oil have faced hurdles similar to those experienced by chia oil suppliers to their entering the European market in the last decade.

Recently, however, sacha inchi oil entered the European food market through a 'notification' procedure, which is a simplified procedure to market a novel ingredient in the European market. The authorisation to market sacha inchi oil was based on an application of the French company [Perles de Gascogne Sarl](#) and [Agroindustrias Amazonicas](#) (Peru) to the Food Safety Authority of Ireland (FSAI) for an opinion on the substantial equivalence to flaxseed oil.

The 'notification' procedure is an alternative to the extensive and costly Novel Food approval, but the authorisation stemming from it is applicant-specific. Through this procedure, the applicant company notifies the Commission about their marketing a novel food (or ingredient) based on the opinion of a food assessment body that has established 'substantial equivalence'.

In 2013, four Peruvian companies submitted an application to the Food Safety Authority of Ireland for a Substantial Equivalence Opinion between their sacha inchi oil and the one which was already on the European market (on the basis of substantial equivalence to linseed oil). This application was also reviewed positively and can be accessed [here](#).

The [Novel Foods and Novel Food Ingredients](#) section of the European Commission's website contains further information on the various Novel Food procedures, as well as a catalogue which lists products of plant and animal origin and other substances subject to the Novel Food Regulation.

#### Tips:

- Check the status of your product in relation to the Novel Food Law ([Novel Food Catalogue](#): species are listed by Botanical name). Is your oil allowed in food applications in Europe?
- If you are dealing with a novel product, make sure to check the [guidelines](#) of the United Kingdom's Advisory Committee on Novel Foods and Processes (ACNFP) on novel food application, which provides an overview on the law and application procedure. After having carefully considered the steps for approval of a novel product, reflect on the following questions:
- Can you find proof of trade and use of your product in Europe before 1997?
- Do you have sufficient financial means to bear the costs of a Novel Food application?
- Do you have a prospective European partner to support you during the application process?
- Investigate the European market to assess whether there are real and sustainable market opportunities for your product. Read existing reports, speak with buyers and conduct a Strengths, Weaknesses, Opportunities & Threats (SWOT) analysis before engaging in a Novel Food application.
- Verify whether there is a product which is **substantially equivalent** to the novel product you aim at marketing in Europe. You may be eligible for authorisation via the simplified notification procedure of the [Novel Food Regulation](#). The website of the [Advisory Committee on Novel Foods and Processes \(ACNFP\)](#) has a full explanation of Novel Food assessments (within the framework of the simplified procedure). It also has a list of all Novel Food applications in Europe, full applications submitted via the United Kingdom and a list of all products which received an opinion on equivalence via the notification procedure.

#### Stable supply

Besides meeting legal requirements, producers/exporters must be able to meet the specific requirements of European buyers. In order to attract the interest of the very competitive food industry, vegetable oil exporters should be able to supply relatively high volumes at a consistent (high) quality. This comes in contrast with the cosmetics industry, where demanded quantities are generally much lower. Especially if an emerging vegetable oil is an interesting substitute for a commodity product, a stable supply is indispensable! It will be almost impossible to establish a strong market position otherwise.

Shea butter is an example of a product which needed a stable supply in order to advance to its current position as an ingredient in cosmetics and food (that is, cocoa butter equivalent). Almost two decades after its first introduction into the European market, and a series of supply chain interventions, are exporters of shea butter able to supply high volumes and a consistent quality. Within the food market, shea butter has become a well-recognised cocoa butter substitute and has gained substantial market share in recent years, also presenting great potential as a palm oil substitute in several food products.

#### Tip:

- Before considering your entry to the European market, make sure you are able to guarantee a stable supply, at a consistent quality. For this purpose, a reliable and sustainable raw material base is essential. Check what your (potential) buyer's requirements are in terms of volume and delivery frequency.

#### Market Entry

Trade channels for emerging vegetable oils tend to be fairly short, since these are products traded in small quantities. Importers and, in rare cases, food manufacturers source their products directly from developing country producers, often working together with them in achieving the quality requirements and consistent supplies demanded by the market.

Whether exported in its crude or refined form, the oil is usually further refined before being put in consumer packaging or being used in the food industry. This also ensures that the oil will meet the specific quality requirements of end users. Please refer to the [CBI document on Channels and Segments for Vegetable Oils](#) for more information on the supply chain for vegetable oils.

Prices of emerging oils are generally determined by similar factors as established vegetable oils:

- Quality, grade, certification
- Availability / number of sources
- Cost of refining and losses from refining

However, emerging oils belong to the high-end market and command higher market prices than conventional oils. Due to lower availability of sources and supplies, and higher costs in production, buyers are willing to pay higher prices - expecting that quality will also be high. Furthermore, the image of exclusivity, the story of the exotic origin and health benefits contribute to a higher product value. Usually, these dynamics guarantee higher margins for the different chain players.

#### Tips:

- Partnering up with a European company in early stages of market entry is important in terms of acquiring:
  - Specific technical expertise
  - Market knowledge
  - A partner for possible Novel Food application
  - A trust-based and sustainable partnership

Along with product and process-management quality, invest in the relationship with your buyer. Be realistic about your supplies (in terms of quality, volumes and prompt delivery to buyers) and continuously aim at improving these aspects. This will reduce risk for both you and your client and will create trust in the long run.

### Cosmetics sector: stepping stone for the food market

As described above, entering the European food market can be a real challenge for small and medium-sized exporters in developing countries, which might make them consider the cosmetics market as a stepping stone into Europe.

Compared to the food industry, the cosmetics industry is characterised by: lower volumes, higher prices and less strict regulations. Furthermore, the cost of toxicological research, which is needed for the food safety assessment, is significantly lower for products destined to cosmetic use.

The cosmetics sector might be a good starting point for companies whose product is on hold due to its novel food status or whose supply chain is too under-developed (for instance, in terms of guaranteeing consistent quality at high volumes) to enter the European food market successfully. Examples of products which were first introduced in the cosmetics industry, but which are also of interest for the food industry, are sacha inchi oil and illipe butter.

The European food market, on the other hand, is less susceptible regarding trends and marketing claims than the cosmetic market, making demand generally less volatile. Also, demand of vegetable oils from the food industry is generally larger than demand from the cosmetics industry.

#### Tip:

- Assess your product's potential in the cosmetics sector. It can be a good alternative in case you are not ready to meet requirements or surpass other hurdles of the food sector. The website of [CosIng](#) lists all cosmetic ingredients and their uses (incl. vegetable oils) registered in the European Union.

### Certification schemes add value!

In the past decade, the European market for organic products has grown significantly in the food sector, driving up the demand for organic-certified ingredients. This trend is also (and especially) visible for emerging vegetable oils targeting niche markets where organic certification is a key to market entry.

Ethical trading is also becoming a more important aspect for food ingredients, especially in North-Western Europe, often in combination with natural or organic labels. Linking the consumer to the producer is increasingly used as a marketing tool in the food sector, but it must be noted that European regulation on marketing claims is becoming increasingly stricter.

Fair Trade certifications can be of particular interest for producers and/or exporters of emerging oils. In addition to the [Fairtrade Labelling Organisation](#) (FLO), other Fair Trade schemes available in the European market are [IMO's Fair for Life](#) and Fair Trade [Ecocert](#). In turn, another interesting certification proposition is offered by the [FairWild Foundation](#), whose certification is based on ecological and Fair Trade principles for natural ingredients collected in the wild. Other initiatives such as the [Union for Ethical BioTrade \(UEBT\)](#), also address aspects related to the sustainable management of biodiversity products.

The [European Union](#) and [Switzerland](#) have specific legislation on organic production and marketing (incl. imports). For an organic product to be officially recognised and marketed in Europe as 'organic', the local organic certification / certifier must be recognised by the relevant European authorities.

Within Europe, finished products which are organic-certified must carry the [leaf-like logo](#) on the packaging, in addition to labels of national certification bodies such as [KRAV](#) (Sweden), [Soil Association](#) (UK), [EKO](#) (Netherlands). In Switzerland, [BioSuisse](#) is the leading organic standard.

**Tip:**

- Promote sustainable and ethical aspects of your production process and support these claims with certification. Associating emerging oils with sustainable and ethical production/trade processes is an essential marketing tool for accessing this niche market in Europe.

Develop an Identity Preservation (IP) system for your products (i.e. maintaining its segregation and documenting its identity), focussing on its origin and on transparency along the chain. Whereas IP systems are a norm under organic and fair trade standards, they are also becoming increasingly important in mainstream markets.

Make sure that your (prospective) organic certification is harmonised with [EU legislation](#); otherwise your product will not be recognised as organic in the European market.

Before engaging in a Fair Trade certification programme, make sure to assess (in consultation with your potential buyer) if this label has sufficient demand in your target market and whether it will be cost beneficial for your product.



**CBI Market Intelligence**

P.O. Box 93144  
2509 AC The Hague  
The Netherlands

[www.cbi.eu/market-information](http://www.cbi.eu/market-information)

[marketintel@cbi.eu](mailto:marketintel@cbi.eu)

This survey was compiled for CBI by ProFound – Advisers In Development  
in collaboration with CBI sector expert Joost Pierrot

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>

December 2015