

# 10 tips for organising your natural food additives exports to Europe

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As an exporter of natural food additives, you must organise various aspects of your export activities to Europe properly. You must have a good understanding of practical matters regarding exporting your natural food additives to Europe. This includes understanding customs, tariffs, transportation and documentation. These matters determine your success or failure when exporting your natural ingredients to Europe. Due to its impact on global trade, and because it will continue to have a significant impact for the foreseeable future, you must consider the global COVID-19 pandemic when organising your exports to Europe.

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## 1. Reaching and making contractual agreements

Contracts are a reminder and record of what needs to be done by both exporter and buyer. Contracts with precise and clear agreements protect your business. Contracts form the basis of legal procedures if either the exporter or the buyer is in breach of their agreement. Contracts can be enforced in Europe, however due to complexity, high costs and long waiting times, this is not straightforward and easy.

Key advantages of following this tip include that it provides clarity in business relationships, agreements and rights of parties. It also prevents misinterpretation of communications and agreements, as well as avoids potential disputes and legal action. Meanwhile, not following this tip may end your business relationship with European buyers, losing you time, money and resources and damage your reputation. You should therefore follow this tip.

### Reviewing your contract

European buyers of natural food additives usually write contracts. You must carefully read their purchase conditions (if provided) when negotiating with them. Failing to do so puts you at risk of not properly understanding the contract and its key terms and conditions, such as the consequences of failing to meet agreed terms.

You must have confidence in the company you are dealing with and understand that you are making a legally binding commitment which can be enforced by them. Do not verbally agree to, confirm or sign an incomplete contract, or one which you are unclear about.

Ensure you clearly understand and are satisfied with the general terms and conditions of your contract, which include the following:

- name and addresses of the party/parties;
- product specification – information about your product, for example conventional and/or organic;
- quantity - units of measure in both figures and in words regarding the number of containers, number of bags and so on;
- value – currency used must be specified;
- price agreements – price agreed with buyer;
- terms of payment – based on international payment terms, for example Cash in Advance or Letters of Credit;
- date of delivery or period over which delivery is to be made;
- insurance – information about insurance protecting your goods against loss, damage, or destruction on its journey to reach buyer;
- terms of delivery – delivery terms must be stated based on [Incoterms](#), for example Delivered Duty Paid (DDP) and Delivered Duty Unpaid (DDU);
- charges and/or fees if applicable – for example taxes and duties;
- default proceedings – information about procedures if parties default on their contractual obligations; and
- dispute resolution proceedings – information about procedures in the event of disputes, such as arbitration, place of jurisdiction and governing law.

### Tips:

Seek the services of lawyers specialising in international trade, especially if you have limited experience dealing with contracts.

Be precise with your product specification because European buyers often have specific requirements concerning a natural food additive's active properties. For example, the viscosity level of gum arabic and guar gum, the vanillin content of vanilla extract and the colour content of oleoresins.

Carefully review and ensure you fully understand the contract before signing it. Failing to do so puts you at risk of incurring financial losses and reputational damage if any contractual terms are not met.

Do not be afraid to ask questions or request adjustments, as this is a negotiation.

See the International Trade Centre's [guidance on export contracts](#) which can act as a basic template of what a contract should contain.

## 2. Challenges caused by COVID-19

Interviews with European buyers of natural food additives have provided insight into how COVID-19 is causing significant disruption to international supply chains. Delivery times are getting longer due to flight cancellations and port lockdowns, while consignments are also subjected to quarantine measures.

For example, a European buyer of oleoresin from India said, *"we've had a recent problem with the COVID outbreak for flight delays and shipment delays"*. Similarly, a European buyer of vanilla extract said *"there are no domestic flights in some of these countries as well as less international flights, so, it takes a little bit more time"*. A European buyer of seaweed extract stated *"transport times were longer"*, with a European buyer of stevia commenting delivery times have been *"longer because of COVID"*.

At the same time, a European buyer of gum arabic reported difficulty getting gum arabic from Sudan *“because of local lockdowns in the port of Sudan”*. Meanwhile, a European buyer of guar gum from India stated *“when it’s in lockdown it’s quite difficult to get material out of India”*. Another buyer stated that in India *“there have been some delays because of the lockdown”*.

European buyers of natural food additives have also reported an increase in delivery costs. For example, a European buyer of oleoresin from India reported a price increase of *“about 20 percent”*. Similarly, a European buyer of seaweed extracts stated *“transportation cost has of increased”*, with a European buyer of stevia stating *“the transport costs are quite high”*. Meanwhile, a European buyer of vanilla extract stated *“transport price is going up... it is getting more expensive”*.

The production of natural food additives in some developing countries has been restricted and in some cases stopped due to emergency measures implemented by government. How long the COVID-19 will last and what its long-term implications will be is unknown. So discuss the implications of COVID-19 with prospective buyers, and ensure specific terms and conditions relating to it are included in your contract.

Important points of discussion and specific terms and conditions include who is held liable for:

- unexpectedly longer delivery times;
- increased delivery costs; and
- failure to meet agreed volume requirements due to restrictions limiting and/or stopping production.

### **Tips:**

Seek legal assistance from international lawyers specialising in international trade if you need advice and guidance.

Be open-minded when working with buyers. Work towards minimising your risks whilst ensuring buyer needs are fulfilled.

Ensure you always fully meet the requirements and terms and conditions outlined in your contract. Failure to do so could lead to penalties along with the early termination of your business relationship with European buyers.

Quickly and clearly communicate any changes to buyers, and constructively work with them to find solutions to any unexpected issues. Buyers appreciate this, and it will help them to look at you more favourably.

## **3. Choose suitable international payment terms**

Payment is the basis of all trade, with international trade presenting risks to all involved. Using the right payment term is key to building long-lasting relationships with buyers. As there are several payment terms to choose from, carefully review the advantages and disadvantages of each one before deciding. Not following this tip may cause you to suffer financial losses if you encounter payment issues, while following this tip reduces the chances of this happening.

Conduct risk assessments of the various payment terms available before trading with European buyers. Payments terms can differ according to European buyer and their requirements. It is therefore important to be open-minded and flexible when choosing your international payment terms. As an exporter of natural ingredients from a developing country, minimise your risks whilst working to meet the needs of European buyers.

Table 1: Factors to consider when choosing a payment method

	Cash in Advance	Letters of Credit	Documentary Collection	Open Account
Customer relationship	New	New	Established	Established
Nature of order	Custom	Custom	Normal	Normal
Political situation	Unstable	Unstable	Stable	Stable
Economic situation	Unstable	Unstable	Stable	Stable
Competitors offer terms	No	No	Yes	Yes
Risk of price changes	Yes	Yes	No	No
Need to control cash flow	Yes	Yes	No	No

Source: SunTrust International

## Letters of Credit

For both importers and exporters, Letters of Credit (LC) are the safest payment terms. This is because a LC lets both parties contact a neutral arbitrator, usually a bank, to resolve any issues. The chosen bank then guarantees the exporter will receive full payment if goods have been dispatched. To avoid further losses, exporters should find new buyers and pay for the return of dispatched goods if this happens.

Disadvantages of LCs include them being confusing and restrictive. Exporters can fail to comply with agreed terms due to poor understanding. Buyers have the right to reject delivery if agreed terms are not met, meaning exporters may have to find new buyers and/or pay for orders to be returned.

Based on their needs, importers and exporters can choose from several LC payment terms. These include standby, revocable, irrevocable, revolving, transferable, non-transferable, back-to-back, red clause, green clause and export/import. For exporters, standby LC is considered the safest, and is commonly used in international trade. This is because it provides security to both importers and exporters who have little trading experience with each other.

## Cash in Advance

For exporters, [Cash in Advance](#) is advantageous because it carries lower levels of risk, as payment for natural ingredients is received before delivery. Cash in Advance puts buyers at a [disadvantage](#) because payment is made before natural ingredients are received. Cash in Advance payments are usually made using wire transfer or credit card payments. Escrow services offered over the Internet are becoming increasingly popular because of their [advantages](#) to both importers and exporters.

Use Cash in Advance when trading high-value natural ingredients with European buyers, especially those with poor credit ratings. This minimises your risks. However, exporters only accepting Cash in Advance are at a competitive disadvantage. Therefore, try to be as flexible as possible and reach a compromise with buyers. This could lead to long-lasting relationships.

## Online Escrow Services

[Online escrow services](#) are becoming increasingly popular because of the advantages they offer to both exporters and importers. [Advantages of online escrow services](#) include greater security and reduced risks to both parties. It protects exporters (as they can verify funds) and importers (as they can inspect goods before funds are released). Other advantages are ease and lower cost compared to other payment methods.

## Documentary Collection

Documentary Collection is an international payment term that allows exporters to use banks to collect their payment on delivery of documentation. Advantages of Documentary Collection include it being less expensive and more flexible than LC. However, one disadvantage is that European buyers might not make payments despite receiving the correct documentation.

## Open Account

Open Account is another international payment term where exporters deliver their natural ingredients before receiving payment. This carries serious risk for exporters, particularly when there is no established trading relationship between the parties. This is because there is no guarantee exporters will receive payment after delivering the goods. However, once a business relationship has been established, the Open Account payment term is recommended. In any case, exporters should purchase insurance to protect themselves from situations of non-payment.

Another international payment term is consignment, which is a variant of open account. Here, payment is made to the exporter once goods have been sold by an independent distributor. Note that consignment is not used for raw natural ingredients; it is usually used for finished goods.

You must carefully consider several factors before choosing an international payment term as an exporter. These include your and the importer's expectations, financial resources and time available, prior experience and desire to take risk. Several leading financial institutions help to exporters wanting to export their natural ingredients to Europe. They include [HSBC](#), [Crédit Agricole CIB](#) and [BNP Paribas](#). Consider seeking their services if you need help.

### Tips:

Carefully consider factors such as both your and the importer's expectations, time and financial resources available alongside previous experience and willingness to risk when deciding on payment method.

Be flexible when negotiating payment terms with importers. Importers always demand the most secure payment terms for themselves, which is usually Open Account. Show willingness to negotiate, but be honest and only commit yourself to what you can.

Consider using a combination of payment terms. For example, suggest using cash in advance for 50 percent of the fee and letters of credit or documentary collection for the other 50 percent. By using a mixture of payment terms, both parties are given greater safety and security. Furthermore, doing so shows your flexibility and enthusiasm to cooperate with European buyers, putting you in a good position to develop a long-term trading relationship.

Customise payment terms according to order and its requirements, depending on its size and cost of delivery for example. High-value raw materials and orders carry more risk, so they use more secure

payment terms such as LCs or cash in advance, as these provide greater security.

Request a written contract with agreed payment terms or ensure they are included in your final contract. Then, carefully read and ensure you understand terms agreed. Any changes should be made before you sign the contract.

## 4. Purchase export insurance

Export insurance protects exporters from a range of damaging risk factors that could lead to the end of their business activities. This is the main advantage of following this tip and purchasing export insurance. Examples of damaging risk factors include non-payment of goods and services despite delivery, the costs of return of delivery or refusal of its acceptance and damage to or loss of goods in transit.

Meanwhile, not having export insurance could be financially very damaging or at the minimum reduce your ability to trade if you encounter difficulties during the import/export process. So make sure you follow this tip.

### Look around

Insurances do not cover 100 percent of any potential losses you may incur. Insurance policy costs can increase the final cost of your product. It is important to shop around for and understand the limitations of different types of insurance available. Export credit insurance is one of the most common insurances for the export of natural ingredients.

### Export credit insurance

Export credit insurance reduces financial risks to exporters. Exporters with export credit insurance are protected if an importer becomes insolvent, is slow in making payment, or defaults on payment terms.

There are several types of export credit insurance to purchase for natural ingredients. They include:

- short-term insurance – repayment period of up to one year;
- single-buyer policy – ideal for insuring against one customer or a one-off risk; and
- multiple-buyer policies – ideal when you have regular shipments to several customers and use a pay-as-you-go service.

[Atradius](#), [Coface](#) and [Euler Hermes](#) are examples of well-known credit insurance companies. The cost of their insurance policies depends on factors such as your annual turnover, previous claim history and the risk profile of your buyer.

Steps to purchasing export credit insurance:

Do a credit check on your buyer before approaching insurance companies so you know the risks you face with the buyer in question. Note that insurance companies can require credit reports and financial statements.

Find export credit agencies in your region. One way to do this is through the members of [The International Credit Insurance and Surety Association \(ICISA\)](#).

Carefully review the terms and conditions of your insurance policy and ensure you understand it before purchasing. Ask about and/or seek advice if you have any questions or are unsure about anything.

## Political risk insurance

Political risk insurance offers companies protection against financial losses due to political events. Political events typically covered by political risk insurance include property confiscation, political violence, the inability to convert local currency and repatriate it, sovereign acts and acts of war.

## Marine and cargo insurance

Marine cargo insurance covers losses arising from physical damage to goods on their journey to their buyer, whether by road, rail, sea or air. As a small to medium-sized exporter in a developing country, you are advised to purchase this insurance, as any potentially lost cargo is likely to have a significant impact on your business.

You will be required to provide documentation to insurance providers to purchase these types of insurance. Documentation commonly asked for includes proof of your address and a commercial invoice containing information about your shipment of natural ingredients, such as its buyer, volume and value.

## Currency insurance

Fluctuations in foreign exchange rates can lead to exporters incurring significant losses. Currency insurance covers any losses that could arise from the negative effect of currency movements.

## International product liability insurance

This type of insurance provides coverage for risks arising from legal action or costs related to product recall if ingredients or products are faulty or fail to comply with relevant regulations. This insurance only covers you against unexpected circumstances, not if you supply ingredients that are of low quality.

Exporters can find the best places to purchase export insurance by contacting their country's government trade ministries. For example, exporters from the Philippines can contact the Philippine [Department of Trade and Industry](#). Additionally, exporters of natural food additives in the Philippines can approach the [Philippine Export-Import Credit Agency](#), which is a leading provider of export credit insurance.

Other countries offer help too. For example, exporters from India can visit the [Indian Trade Portal](#) for help with exporting to the European market. For details of well-known companies selling export insurance to exporters from developing countries, [click here](#).

### Tips:

Ensure you have export insurance. Particularly export credit insurance, as it offers exporters the greatest level of protection against several serious risk factors, such as buyers going bankrupt.

Carefully assess if there is a business case for you to purchase other types of insurances on the market. Other types of frequently purchased insurance include sellers interest insurance and goods-in-transport insurance.

Ensure you have the correct up-to-date documentation available before approaching insurance brokers for a quote. Consider contacting an insurance broker for their assistance if you are unsure about the documentation needed.

Ensure detailed information about your business, such as its risks, liabilities and turnover, is readily

available. This is because information such as this is required to create a policy specific to your business needs. Furthermore, doing so will save you time.

Ensure you comply with all your insurance policy's requirements, terms and conditions. Failure to do so puts you at the risk of not being compensated if you were to make a claim.

## 5. Comply with customs

As an exporter of natural food additives to Europe, you must comply with European Union (EU) customs policy. Failure to comply could result in your natural food additives being refused entry into the European market, leading to your business incurring significant costs. It may also result in financial penalties and end your trading relationships with European buyers. So make sure to follow this tip as it is only to your advantage, whilst not following it is only to your disadvantage.

Import duties for your natural food additives, such as tariffs, are determined by the country of origin. Goods are identified by a code number in the [Combined Nomenclature](#). Goods imported from outside the EU's external borders are subject to the [EU Common Customs Tariff](#). Visit the [European Commission Access2Markets Database](#) to find requirements for your natural food additives. Table 2 provides an example of tariffs for natural food additives.

Table 2: EU Tariffs for natural ingredients used in the natural food additives sector.

HS Code	Ingredient	Tariff
130231	Agar-agar from the Philippines	0.0%
130239	Carrageenan - Powder, refined from the Philippines	0.0%
130231	Agar-agar from India	0.0%
130239	Guar gum from India	0.0%
130120	Gum Arabic - Hashab powder from Sudan	0.0%

Source: TARIC

Your natural food additives must meet the specific customs requirements of any EU Member State to successfully enter the European market. You must therefore comply with differing customs procedures, laws and regulations and documentary processes of the relevant EU Member State. Non-compliance could result in your natural food additives not being allowed to enter the market of the respective EU Member States.

Non-compliance with EU customs policy can also result in you incurring sanctions such as financial penalties. This is because all EU Member States impose sanctions for non-compliance with EU customs policy. You must therefore comply with EU customs policy.

Consider seeking the services of customs brokers and freight forwarders who can complete the customs process for you because it can be a challenging process for exporters to go through. However, this will come at a financial cost. The [International Federation of Customs Brokers Associations](#), the [International Federation of](#)



Customs Brokers and Customs Representatives (CONFIAD) and GlobalTrade provide [help finding customs brokers](#).

The [EU has trade agreements in place with numerous countries around the world](#) to overcome trade barriers and increase trading opportunities. These trade agreements have been categorised into three types according to their content. The three types are: Association Agreement, Economic Partnership Agreement and Free Trade Agreement. Trade agreements are also in place between the EU and African, Pacific and Caribbean (APC) countries, with several others under negotiation.

Table 3: EU Economic Partnership Agreements with APC countries, 2021



Source: [trade.ec.europa.eu](http://trade.ec.europa.eu)

In June 2019, the [EU and MERCOSUR trade bloc \(Argentina, Brazil, Paraguay and Uruguay\)](#) reached a [political agreement for a balanced and comprehensive trade agreement](#). The [EU signed a trade deal with Vietnam](#) in the same year. Furthermore, negotiations with Mexico have concluded, whilst negotiations with Chile have not yet been finalised.

The UK has officially left the EU, the EU Single Market and Customs Union. As such, EU law no longer applies to the UK. For information about importing and exporting to the UK, see the importing and exporting section of the [Brexit: guidance for businesses](#). Here, you can find information on [tariffs on good imported into the UK](#) among other things.

### Tips:

Use the [European Commission Access2Markets Database](#) to find out which [EU Common Customs Tariffs](#) apply to your natural food additives. After doing so, ensure you are comply with them.

The EU Member State to which you are exporting your natural food additives may have specific customs requirements. Find out by contacting [customs offices](#) of individual European Member States, as they often provide information about this. If EU Member States have specific customs requirements, ensure you comply with them.

Determine if there is a need for you to employ assistance services offered by customs brokers and freight forwarders. This is because customs processes are difficult for exporters to go through. However, this will come at some financial cost.

The EU Access2Markets portal provides a range of services to exporters regarding [customs procedures](#) they must comply with. A major advantage of seeking the services of the EU Access2Markets portal is that it is cost-free.

[Check if](#) your country has a trade agreement in place with the EU. Check the [EU Negations and agreements](#) to find out if your country has a trade agreement in place with the EU. If it does, familiarise yourself with it. Doing so gives you a better understanding of customs processes when exporting your natural food additives to Europe.

## 6. Select the right mode of international transport

You can ship your natural food additives to Europe through different modes of transport. Sea and air are the

most used in the natural food additives sector. Selecting the right mode of transport is vital, because it improves your chances of having long-term trading relationships with European buyers. This is the main advantage of following this tip. Conversely, failure could result in financial losses and reputational damage to your business. So make sure you follow this tip.

Before selecting which mode of transport you will use to deliver your natural food additives to Europe, you must carefully consider three key factors:

1. Delivery time – European buyers prefer shorter delivery times. Transportation by air is usually faster than sea, with it also being more reliable in terms of delivery time. It is important to note delivery times have been longer due to the COVID-19 pandemic. Reasons for this include restrictions on the movement of goods and forced quarantine measures.
2. Delivery volume/quantity of order – Larger quantities are often cheaper to ship by sea. With smaller volumes, air freight can be less expensive, as margins get smaller.

Cost of delivery method – It is estimated that [sea freight](#) is usually 4-6 times cheaper than air freight. This applies to larger volumes. The price of your cargo is unlikely to increase substantially if you increase volume. Be aware, due to the COVID-19 pandemic the cost of air freight has increased, this is likely to change once passenger flights become fully operational again.

Interviews with European buyers of natural food additives have revealed COVID-19 is causing significant disruption to international supply chains. Delivery times are getting longer due to flight cancellations and port lockdowns, while consignments are also subjected to quarantine measures. Indeed, a European buyer of oleoresin from India said *“we’ve had a recent problem with the COVID outbreak for flight delays and shipment delays”*.

Similarly, a European buyer of vanilla extract said *“there are no domestic flights in some of these countries as well as less international flights, so, it takes a little bit more time”*. A European buyer of seaweed extract stated *“transport times were longer”*, with a European buyer of stevia commenting delivery times have been *“longer because of COVID”*.

At the same time, a European buyer of gum arabic reported difficulty getting gum arabic from Sudan *“because of local lockdowns in the port of Sudan”*. Meanwhile, a European buyer of guar gum from India stated *“when it’s in lockdown it’s quite difficult to get material out of India”*. Another buyer stated *“there have been some delays because of the lockdown”* in India.

European buyers of natural food additives have also reported increasing delivery costs. For example, a European buyer of oleoresin from India reported a price increase of *“about 20 percent”*. Similarly, a European buyer of seaweed extracts stated *“transportation costs have increased”*, with a European buyer of stevia stating *“the transport costs are quite high”*. Meanwhile, a European buyer of vanilla extract stated *“transport price is going up... it is getting more expensive”*.

You must consider all three key factors collectively, and not just one individually, when deciding which mode of transport you will use to deliver your natural food additives to Europe. You must also carefully consider and factor in the effect that COVID-19 is likely to have on your natural ingredients’ journey to the European market. This is because there are always pressures and compromises, particularly when you are starting to trade in Europe. For further assistance on deciding what [mode of transport](#) to choose, look at a range of factors to make a more informed decision. You are advised to do market research in advance.

Incoterms are internationally accepted commercial terms defining the roles of seller and buyer in the arrangement of transportation and other responsibilities. Incoterms also clarify when transfer of the ownership of goods takes place. As an exporter you should familiarise yourself with frequently used Incoterms as they will help you in your dealings with logistics providers. Table 4 shows frequently used Incoterms in the transport sector and their meaning.

Table 4: Frequently used Incoterms in the transport sector and their meaning

Term	Meaning
EXW (Ex Works)	Title and risk pass to buyer including payment of all transportation and insurance costs from the seller's door. Used for any mode of transportation.
FOB (Free On Board)	Risk passes to buyer including payment of all transportation and insurance costs once delivered on board the ship by seller. Used for sea or inland waterway transportation.
CFR (Cost and Freight)	Title, risk and insurance costs pass to buyer when delivered on board the ship by seller, who pays the transportation cost to the destination port. Used for sea or inland waterway transportation.
CIF (Cost, Insurance and Freight)	Title and risk pass to buyer when delivered on board the ship by seller, who pays transportation and insurance cost to destination port. Used for sea or inland waterway transportation.
CIP (Carriage and Insurance Paid To)	Title and risk pass to buyer when delivered to carrier by seller who pays transportation and insurance cost to destination. Used for any mode of transportation.
DDU (Delivered Duty Unpaid)	Title, risk, and responsibility for vessel discharge and import clearance pass to buyer when seller delivers goods on board the ship to destination port. Used for sea or inland waterway transportation.
DDP (Delivered Duty Paid)	Title and risk pass to buyer when seller delivers goods to named destination point cleared for import. Used for any mode of transportation.

Source: TMCL Container Line

Natural food additives often need to be transported and stored under specific conditions to ensure its quality does not decline. These include specific temperatures and specialist packaging. For example, [carrageenan](#) needs to be transported and stored under specific temperatures so it maintains its quality.

You must inform your logistics provider if your natural food additives need to be transported and stored under specific conditions. Failure to do so may lead to the quality of your natural ingredients declining before reaching Europe. This could have serious consequences, such as European buyers rejecting your natural food additives and wanting compensation, and may mean the end of any business relationship.

## Tips:

Carefully decide which mode of transport should be used to deliver your natural food additives to Europe. You must consider the three key factors of delivery time, volume and cost collectively.

Find out if your natural food additives need to be transported and stored under specific conditions on their journey to Europe. You must inform your logistics provider if they do.

Speak to your logistics provider about the implications of COVID-19 for you when choosing your mode of transport and before agreeing delivery terms with European buyers.

Visit the Freightos website and use the [Freightos freight calculator](#) to get instant international freight rate price information for transporting freight by ship and air. This will allow you to make a more informed decision.

Purchase international transport insurance, ideally from the country your natural food additives are being exported from. This is because being covered by international transport insurance protects you from a greater number of risk factors.

## 7. Get your packaging right

You must correctly package your natural food additives as an exporter to Europe. Failure to do so leaves them exposed to serious risk of damage, and may have serious consequences. These include the quality of your natural food additives declining, which can lead to European buyers refusing to accept them, resulting in financial losses and the end of your business relationship with them. You are therefore urged to follow this tip, as it reduces the likelihood of this happening. Not following this tip could be damaging to your business.

Common causes of damage to natural food additives include incorrect handling, storage and transportation, contamination and theft. Talk to your logistics provider to guarantee your natural food additives are well protected throughout their journey to Europe. Discuss how your natural food additives can be protected against common causes of damage presented above in this tip. Consider if there is a business case for you buying goods-in-transport insurance and theft insurance for added security.

The packaging of your natural food additives must include information concerning how they should be handled, their weight and their units. Review the [EU Access2Markets labelling and packaging guidance](#) your natural food additives must be compliant with. Additionally, use the packaging of your natural ingredients to market your business. For example, list your business's contact details on the packaging.

Packaging requirements often differ from one European buyer to another. As such, make sure to speak to your buyers to find out their specific requirements and consider meeting these requirements. Doing so makes you more appealing, in turn increasing your chances of entering the European market. However, only commit to meet their requirements if you are actually able to.

The EU is committed to environmental sustainability and business growth, something it made clear in its [Circular Economy Action Plan](#) and the [European Green Deal](#). As a result, increasing recyclability and reducing waste are key priorities for the EU.

The EU is putting pressure on European businesses to increase recyclability and reduce their waste through targets and policies. As a result, environmental sustainability is becoming more important for European buyers, a trend that is expected to continue. You should therefore strongly consider using recycled packaging materials and/or packaging materials that can be recycled. Additionally, you should also limit the use of plastic packaging and other resource-intensive packaging materials.

## Tips:

Read the CBI [European market entry studies](#) that are available for the export of several promising natural food additives to Europe, as these provide specific packaging requirements and storage conditions that natural food additives must be transported under.

Ensure your natural food additives are handled, stored and transported correctly so that they are at minimal risk of damage. Do this by notifying your logistics provider about the conditions they have to be transported under on their journey to reach Europe.

Find out if the importer of your natural food additives has special packaging requirements, such as volume per unit. Meet these requirements if they do. Only agree to meet requirements if you are actually able to, as failing to meet agreed requirements can result in you incurring penalties.

Determine if there is a business case for you to purchase goods-in-transport insurance, which provides cover against potential business-ending risk factors. Risk factors include incorrect handling, storage and transportation, as well as contamination or theft of your natural food additives.

If your natural ingredients are hazardous and have a UN number use UN-approved packaging. Review the [UN's Recommendations on the Transport of Dangerous Goods](#) for further information.

## 8. Seek help

Exporters can receive help from government agencies, non-governmental organisations and commercial organisations when seeking to export their natural food additives. One major reason to follow this tip and take advantage of help offered is that it provides you with important information on how to successfully export to the European market. This is becoming more important in an increasingly competitive market.

A second major reason for taking advantage of help is that it is usually provided by those with experience in the food industry. A third reason is that such help is often free; this is the case when help is provided by government agencies and non-governmental organisations. So make sure to follow this tip. Not following this tip is only to your disadvantage.

The most recognised government agencies, non-government agencies and commercial organisations you can ask for assistance include:

- The [Centre for the Promotion of Imports from developing countries](#) (CBI) – A government agency helping exporters, specifically expert coaching and training, alongside literature helping exporters access the European market.
- The [Import Promotion Desk](#) (IPD) – A government agency providing a platform where exporters from selected countries can meet European, especially German importers. The IPD also prepares market reports.
- [Open Trade Gate Sweden](#) – A government agency supporting companies from developing countries export to Sweden and the EU. Help on rules, procedures and market information is provided.
- The European Commission's EU [Access2Markets to Trade Helpdesk](#) – Helps exporters find detailed information on tariffs, rules of origin, product requirements, customs procedures and formalities, trade barriers and trade statistics.
- [Enterprise Europe Network](#) (EEN) – Established by the European Commission, EEN aims to help companies offering all kinds of products and services to innovate and grow internationally.
- The [International Trade Centre](#) (ITC) – A developmental agency of the United Nations for sustainable trade. Most of its activities are for exporters which they help through their programmes. ITC provides export management, supply chain management, quality management, packaging, and marketing and branding programmes.

- The [United Nations Conference on Trade and Development \(UNCTAD\)](#) – A non-governmental organisation helping exporters in several developing countries reach new markets.
- [Adeso](#) – A non-governmental organisation helping exporters from African countries reach new markets.
- The [UK Institute of Export & International Trade](#) – A professional membership body representing and supporting the interests of everyone involved in import, export and international trade.
- The [British International Freight Association \(BIFA\)](#) – A trade association for UK-registered companies engaged in international logistics by all modes of transport. BIFA provides lists of its members, companies offering logistical services to exporters; consider contacting companies that meet your business needs.
- [Logistics Alliance Germany](#) – An organisation representing leading logistics service providers with expertise in sector-specific logistics across all transport modes.
- [evofenedex](#) – A Dutch business association that has a network of Dutch trade and production companies with a logistical or international operation.

Find out if government agencies and ministries, such as ministries of trade or business in European countries you are exporting to, offer help. For example, Germany’s economic development agency [Germany Trade & Invest \(GTAI\)](#) and the [Italian Trade Agency \(ITA\)](#), an Italian governmental agency, offer help to exporters. Additionally, check if government ministries such as a Ministry of Trade or Business in the country you are exporting your natural ingredients from can provide help. Consider taking advantage of the help they provide, which is often free.

Figure 1: Logos of well-known agencies supporting exporters in developing countries



Source: Various

### Tips:

Review CBI’s tips [for finding buyers in the European natural food additives sector](#). Doing so will help you successfully establish trade with European buyers.

Review CBI’s tips [for doing business with European buyers of natural colours, flavours and thickeners](#). Doing so will provide you with valuable information on developing and maintaining relationships with European buyers.

Review CBI’s guidance on [how to prepare technical data sheets, safety data sheets and sending samples for natural food additive](#). This study provides information on how you should prepare important documentation you need when approaching European buyers. It also provides guidance on how you should send samples of your natural food additives.

Find, contact and work with export-promotion agencies and trade chambers in the country you are exporting to and the country of origin. They will have expertise and experience helping exporters establish, develop and maintain trade in foreign countries.

## 9. Meet common buyer requirements and demands

Of course you must meet the EU’s mandatory requirements to enter the European natural food additives market. At the same time, make sure you also meet common requirements and demands European buyers of natural food additives have. Quality and consistency, certification and documentation are the most popular. The main advantage of following this tip is that it is likely to increase your chances of entering the European market as it increases your appeal. Not following this tip puts you at a disadvantage in an increasingly competitive market.

## Quality and consistency requirements

European buyers demand natural food additives of the highest quality. Buyers therefore demand 100 percent pure and unadulterated natural food additives, something they regularly test for, usually on a per batch basis. This is something they revealed in interviews. Indeed, one buyer stated *“quality of the product is the main thing”*, with another buy stating *“I’m focused on quality only”*. As such, always supply buyers with natural food additives that are of the highest quality which are 100 percent pure and unadulterated.

Buyers often have specific requirements for certain natural food additives according to their use in the food industry. For example, regarding vanilla extract one European buyer revealed *“vanillin content is probably one of the most important ones”* alongside *“moisture, microbiology, pesticides and heavy metals”*. Meanwhile, buyers of guar gum/gum arabic prefer a product with a viscosity level between 3,500 and 5,000 which is lightly coloured and has minimal smell.

For stevia high solubility is important. Indeed, when asked about the importance of stevia’s solubility one European buyer stated *“yes of course... of course the solubility is very important”*. Another buyer commented *“it’s the only thing that is important”*. For oleoresins, colour, flavour and purity are the three most important requirements. You should therefore speak to buyers and find out if they have specific requirements and consider meeting them.

Consumers demand good-quality food and drinks products. As a result, buyers want a consistently high-quality natural food additive because it will help produce good-quality food and drink products. As such, you should always provide buyers with a standardised quality product across all packaging size as a per volume order. For example, high-quality coconut sugar in in kraft paper bags that can hold 25 kilogrammes for an order of that size.

## Certification

European buyers use certification to assess the quality, safety and credibility of natural food additives. As such, European buyers demand certification of a food safety management system based on the European Union’s Hazard Analysis Critical Control Points (HACCP) system outlined in [EU Regulation 852/2004 on hygiene of food stuffs](#).

Indeed, when asked what the most important requirements were for new suppliers in developing countries a European buyer revealed *“we like them to be certified”*, as *“our customers require certificates... so we have to have them from the supplier”*. Additionally, when asked about the importance of certification, another buyer stated that it is *“necessary, yes”*, with another stating *“certifications are particularly important”*.

The most common certifications demanded by European buyers are:

- International Organization for Standardization (ISO) [22000 food safety management system certification and ISO 9001:2015 quality management systems certification](#);
- [Food Safety System Certification \(FSSC 22000\)](#) which is based on ISO 2200 and is specifically aimed towards food manufacturers.

Figure 2: Examples of certification



Source: Various

Additionally, quality and contamination are two key issues for buyers; they are therefore increasingly demanding products that are certified organic, as this indicates good quality. For example, when European buyers of stevia were asked if there is demand for organic stevia, several answered *“yes”*, with one buyer commenting *“we only have organic stevia”*.

Meanwhile, when European buyers of vanilla extract were asked if there is demand for organic vanilla several answered “yes”, with one commenting “yes, of course there is demand for organic vanilla”. Additionally, another buyer commented “most people are demanding organic vanilla”.

Figure 3: EU organic certification logo



Source: ec.europa.eu

European buyers also assess the quality of your company by evaluating the environmental sustainability and social standards you adopt. Meeting [UNCTAD BioTrade Initiative BioTrade Principles and Criteria](#) and the [FairWild](#) Standard, for instance, demonstrates your commitment to environmental sustainability. Meanwhile, having [FLO Fairtrade](#) certification and or meeting the [Fair for Life](#) Standard can demonstrate your commitment to upholding social standards.

Figure 4: Examples of environmental and social standards



Source: Various

To trade with European buyers, you should meet their demands for extra certification because it will increase your chances of entering the European market and successfully establishing yourself. Additionally, this could be the basis for developing long-lasting trading relationships with buyers.

## Documentation

European buyers of natural food additives expect exporters to provide them with well-structured and organised product and company documentation. This is because it shows you comply with regulations alongside their buyer requirements.

For example, when asked in an interview whether documentation is important a European buyer of natural food additives answered “100 percent yes”. Additionally, another buyer stated “when you are looking for a new supplier, yes of course it (documentation) is important”. So make sure to consider providing European buyers with documentation because this is what they expect, and it is likely to increase your chances of entering the European market. Additionally, it adds credibility to your business as it makes it look organised and well prepared.

European buyers of natural food additives usually want exporters to provide them with Safety Data Sheets (SDS), Technical Data Sheets (TDS) and Certificates of Analysis (CoA). Be prepared to invest time and resources into preparing the documentation required by buyers. Additionally, be prepared to complete questionnaires about your compliance with EU regulations, because European buyers often require you to do so. Table 5 shows what is contained in SDS, TDS and CoA to help you prepare these three important pieces of documentation.

Table 5: What is contained in SDS, TDS and CoA

Safety Data Sheet (SDS)	Technical Data Sheet (TDS)	Certificate of Analysis (CoA) which matches
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Product description	Product description	Data mentioned in the TDS
Product classification	Product classification	Pre-shipment samples approved by buyer
Hazard identification	Quality analysis	Contractual agreements with buyer
Information on safety measures	Information on applications	
	Certificates	

Source: Ecovia Intelligence

In recent years, EU regulations have become stricter. Furthermore, quality standards are also increasing, leading to more pressure on European buyers. As such, make sure you acquire an SDS, a TDS and a CoA for your natural food additives and have them ready for European buyers. Additionally, inform European buyers of this when approaching them if you already have them.

### Tips:

Find out what common requirements European buyers of natural food additives have. Carefully consider if you can meet them. Do not commit yourself to meeting them if you cannot because making commitments you cannot meet can lead to the end of any trading relationship between you and buyers.

Capitalise on meeting common buyer requirements as this is likely to increase your appeal amongst buyers. Listing certifications you have on your company's website and marketing materials alongside notifying prospective European buyers when making contact are ways to do this.

Have verification documentation proving you meet common buyer requirements readily available. This includes a Certificate of Inspection and Fairtrade certification. For example, [Lewi's Organics](#) displays the [EU organic logo](#), proving their natural food additive products are EU-certified organic, as they meet the EU's requirements.

Review the CBI study [what requirements must natural food additives comply with to be allowed on the European market](#). Here, you can find useful information about buyer requirements that will help you enter the European market.

See the CBI study on [how to prepare technical documentation for natural food additives](#), which provides guidance on preparing documentation sought by buyers.

## 10. Read CBI natural food additives specific studies for more tips

CBI has published several studies put together by industry experts containing further information on organising your exports to Europe. These studies provide valuable information and practical tips likely to increase your chances of entering the European market. As such, make sure you follow this tip and read these CBI studies

carefully, and follow their guidance and practical tips. This is likely to increase your chances of entering the European market.

### Tips:

Read the CBI [market entry studies on several promising natural food additives to Europe](#). These market entry studies contain practical tips to help you organise your exports to Europe.

Read CBI's [tips for finding buyers on the European natural food additives market](#).

Read the CBI study [tips for doing business with European buyers in the natural food additives sector](#), which provides valuable information on how to create and maintain relationships with European buyers.


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

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