

Entering the European market for essential oils

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This study offers practical information for exporters of essential oils who want to sell to the European cosmetics market. It explains the most important rules in the EU, such as the Cosmetics Regulation and CLP, REACH, and new laws on sustainability and human rights like the Green Deal, the Chemicals Strategy for Sustainability and the Corporate Sustainability Due Diligence Directive (CSDDD). This study also explains what European buyers expect, such as safe products, good quality, clear labels and respect for the environment and workers. It also provides tips on how to meet legal requirements, prepare documents and access different sales channels. Focusing on patchouli and frankincense oils, the aim is to help exporters understand prices, competition and how to add value.

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1. What certification and other requirements must essential oils for cosmetics meet to be allowed on the European market?

An essential oil is defined as a volatile part of a natural product, which means that it easily turns into a gas. It can be obtained [by distillation, steam distillation or expression](#) in the case of citrus fruits. Essential oils contain mostly volatile hydrocarbons and are obtained from various plant parts. [IFRA lists a total of 237 essential oils](#). This study focuses on patchouli and frankincense essential oils, which are looked at in detail below.

What are the mandatory requirements?

To understand the mandatory requirements in the EU for essential oils used in cosmetics, or any substance used as a cosmetic ingredient, you must first look at the [European legislation on cosmetic products](#). This legislation includes the requirements for substances that are used in cosmetics on the European market.

In summary, the key pieces of legislation that you need to be familiar with are:

- [Cosmetic Regulation \(EC 1223/2009\)](#): this is the primary regulation for cosmetic products for the EU market, ensuring a high level of protection for human health. In May 2025, this regulation was updated by Regulation [\(EU\) 2025/877](#) to include new restrictions on substances that can cause cancer, harm reproduction or change DNA (so-called CMR substances). Focus on Chapter 4 and Annexes I to VI.
- [Registration, Evaluation, Authorisation and Restriction of Chemicals \(REACH\)](#): this regulation applies to all chemical substances in the EU. Essential oils are not exempt. Companies in the EU must register essential oils with detailed safety data. Non-EU companies can appoint an Only Representative in the EU to register

their product. While this is optional and expensive (around €40,000-€50,000 per oil), it does create new business opportunities. If your buyer wants less than 1 tonne per year, registration is not needed. If they want more than 1 tonne, they must buy from someone with REACH registration.

- **The Classification, Labelling and Packaging Regulation (CLP) (EC No. 1272/2008):** this regulation sets out the rules for labelling and classifying essential oils. It is based on the [UN Global Harmonised System \(GHS\)](#) and applies to many countries. You must provide a Safety Data Sheet (SDS) that includes hazard information for your oil and its main components. CLP data also appears in your SDS. CLP notifications submitted by EU manufacturers and importers are published by the European Chemicals Agency (ECHA). UNIDO has published a [guide to understanding the CLP](#) for companies that have to produce their own data.

If you plan to sell to customers in the UK, note that the UK has introduced its own laws following Brexit, namely [UK REACH](#) and the [GB CLP](#). These are still closely following EU rules, and the bans on cosmetic safety and animal testing remain in place. Non-EU companies **are not bound by the obligations of REACH**, even if they export their products to the EU.

More information on the above legislation is provided in our CBI study [on buyer requirements](#).





Figures 1 and 2 show CLP notifications as published by ECHA for frankincense essential oil and patchouli essential oil.

Figure 1: A notification for frankincense oil under the CLP

Notified classification and labelling according to CLP criteria

General Section						
EC / List no. ?	Name	CAS Number ?	Additional Notified Information ?			
232-474-1	Olibanum	8050-07-5	State/Form			

Classification		Labelling		Specific Concentration limits, M-Factors	Notes	Classification affected by Impurities / Additives ?
Hazard Class and Category Code(s)	Hazard Statement Code(s)	Hazard Statement Code(s)	Supplementary Hazard Statement Code(s)			
Flam. Liq. 3	H226	H226				
Asp. Tox. 1	H304	H304				
Skin Irrit. 2	H315	H315				
Skin Sens. 1	H317	H317				
Aquatic Acute 1	H400					
Aquatic Chronic 1	H410	H410				

Signal Words	Pictograms			
Danger				
	Flame	Exclamation mark	Health hazard	Environment

Source: ECHA CLP database – [A notification for Frankincense oil under the CLP](#), 2025

Figure 2: A notification for patchouli oil under the CLP

Notified classification and labelling according to CLP criteria

General Section						
EC / List no. ?	Name	CAS Number ?	Additional Notified Information ?			
616-944-7	PATCHOULI OIL	8014-09-3	State/Form			

Classification		Labelling		Specific Concentration limits, M-Factors	Notes	Classification affected by Impurities / Additives ?
Hazard Class and Category Code(s)	Hazard Statement Code(s)	Hazard Statement Code(s)	Supplementary Hazard Statement Code(s)			
Asp. Tox. 1	H304	H304				

Signal Words	Pictograms
Danger	 Health hazard

Source: ECHA CLP database – [A notification for patchouli oil under the CLP, 2025](#)

Tips:

Keep up to date on developments in the European cosmetics industry by referring to the [European Commission website on cosmetics](#).

Familiarise yourself with the three principal regulations that relate to your products: the Cosmetics Regulation, REACH and the CLP. ECHA has published [a support tool for companies](#) on its website.

Make sure you have prepared a Safety Data Sheet for your essential oil. See our [CBI workbook on preparing a technical dossier for cosmetic ingredients](#).

Review the ECHA website on the CLP to see the notifications that have been submitted by European importers and manufacturers.

Technical Documentation

To comply with the EU's legal requirements, European buyers of essential oils for cosmetics expect complete and accurate technical documentation. This not only shows your commitment to quality but also to ethical and sustainable sourcing.

The technical dossier should include:

- Technical Data Sheet (TDS);
- Safety Data Sheet (SDS);
- Certificate of Analysis (COA);
- Allergen declaration;
- Traceability information;

- Sourcing policies and practices; and
- Certifications and standards applied.

The allergen declaration is one of the most important elements. It informs cosmetics manufacturers about the presence and concentration of allergens in your essential oils, helping them meet EU labelling rules.

Not all essential oils contain allergens. For example, a typical frankincense oil contains 4 of the 26 allergens that were reportable before 2023, while a typical patchouli oil does not contain any.

Our [CBI workbook on preparing a technical dossier](#) includes an example of an allergen declaration for essential oils. You can also find [examples of allergen declarations on the internet](#), but you should still also carry out your own analysis. The composition of essential oils can vary from season to season and from place to place.

In 2023, the EU adopted [Regulation \(EU\) 2023/1545](#), which significantly expands the list of fragrance allergens that must be declared. The number of reportable fragrance allergens has grown from 26 to over 80 substances. The new list includes a number of complete essential oils, such as lavender, patchouli, ylang-ylang, citrus oils and sandalwood. Cosmetics manufacturers must comply with the new labelling rules by July 2026. This means that when you use essential oils above the limit, you must clearly state so on the packaging.

Companies may choose to reduce the use or amount of certain essential oils to avoid long allergen declarations and simplify labelling. This could impact demand for essential oils with a complex chemical composition rich in known allergens. Exporters should look at the full [2023/1545 Regulation](#) for help and check out the allergen content of their essential oils. You can go to the regulation via the [Official Journal of the EU](#). To remain competitive, exporters are encouraged to provide updated allergen declarations and GC-MS profiles, and to monitor any further changes in European legislation related to fragrance ingredients.

Another useful reference are the [ISO standards](#), which list typical quality parameters, analysis methods and chromatogram examples. Patchouli oil is covered under ISO 3757:2002, but there is no ISO standard for frankincense oil. Buyers may use ISO standards or their own specifications when requesting oils.

Tips:

Read the CBI study on [preparing a technical dossier for cosmetic ingredients](#), which provides comprehensive information and guidance on preparing a technical dossier.

Look for examples of technical data sheets like this [TDS for Frankincense oil](#) to familiarise yourself with this type of documentation.

Identify local laboratory service providers who can prepare the certificate of analysis. If local service providers are not available, talk to your Business Support Organisations in your country for advice.

Buy ISO specifications for your essential oils, where available. Check if your country has adopted ISO standards for essential oils into their own national standards system.

Start reviewing the allergen composition of your essential oils now, especially if they include oils like lavender, citrus, patchouli or ylang-ylang.

CITES (Convention on International Trade in Endangered Species of wild fauna and flora)

To export essential oils to the European market, you must obey requirements on trading plant resources as

agreed internationally under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES) convention. The EU follows CITES through [Regulation No 338/97](#), and many exporting countries follow it too.

There are three lists (appendices) for CITES:

- Appendix I includes species threatened with extinction. Trade in specimens of these species is allowed only in rare circumstances.
- Appendix II includes species not necessarily threatened with extinction, but in which trade must be controlled.
- Appendix III contains species that are protected in at least one country, which has asked other CITES Parties for assistance in controlling the trade.

The EU regulation can, in some cases, go beyond the requirements of the CITES convention, so it is important to consult the EU regulation. Check if your essential oil plants [are listed in any of these annexes to Regulation 338/97](#).

Patchouli subspecies (*Pogostemon spp.*) are not listed in the CITES database.

Frankincense is not yet CITES listed. However, it is a wild-harvested product. Due to the scale of trade and increasingly unsustainable harvesting [CITES want to know if there might be a risk of extinction in the wild, and decide whether frankincense meets the criteria for a CITES listing](#). Similarly, the EU has determined that levels of trade in [Boswellia species require monitoring](#) in order to collect data and consider whether stricter protection might be necessary in the future.

Due to the growing concern over the sustainability of frankincense gum collection, it is highly recommended that your frankincense supply chain is certified as sustainable by [FairWild](#), [UEBT](#) or an EU Organic certifier. This will reassure your customers and your customers' customers that the highest possible standards were followed to ensure sustainable sourcing.

Tips:

Determine if your essential oil requires an import permit or notification permit to enter the European market. Do this by finding out the Latin name of the plant you extract your essential oil from and searching for it in the latest version of Annex A or Annex B of Council Regulation (EC) No 338/97, as amended by [Commission Regulation \(EU\) 2023/966](#). This regulation controls trade in wild plant and animal species.

Check the [CITES species database](#) also to see if there are differences between CITES and the EU regulation.

Obtain export permits if this is required by the national authorities in your country. Do this by contacting the relevant CITES authority in your country for further assistance. Regularly check for updates to [EU Regulation No 338/97](#). Do this by visiting the [EUR-Lex website](#).

Obtain FairWild, UEBT or EU Organic certification for your frankincense supply chain to demonstrate that your sustainable sourcing is third-party certified.

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

To export essential oils to Europe, you must obey requirements on using plant resources as agreed under international treaties and protocols within the [Convention on Biological Diversity \(CBD\)](#). This is because the CBD is part of EU law. It is also likely that your own country has signed the agreement as well. This means you need to follow the CBD's requirements under your national laws.

The [Nagoya Protocol on Access and Benefit-sharing \(ABS\)](#) gives guidelines for accessing and making use of genetic resources and traditional knowledge as well as how to share benefits fairly. Similar to the CBD, European companies need to obey ABS legislation, with ABS likely to be a part of your national law as well.

Tips:

Visit the [CBD website](#) as it provides a range of useful information on CBD and ABS. For example, the [country profile function](#) provides information on your country's position on CBD and ABS, giving you more knowledge about exporting from your country.

Visit the [ABS Clearing-House](#) website. This is useful for finding the status of each country in terms of implementing the CBD into that country's own legal system.

What additional requirements and certifications do buyers often have?

More and more European buyers of essential oils in the cosmetics industry ask for oil of the highest quality

Consistent composition and chemical profile are some of the specific requirements for essential oils. For example, frankincense essential oil should be distilled from sorted batches of similar quality, not mixed. For other essential oils such as patchouli, the [International Organization for Standardization \(ISO\)](#) has developed quality standards.

Annex II of the EU cosmetics regulation has a list of substances which are forbidden in cosmetics. Annex III has a list of substances that are restricted (such as the 26 allergens). An example of a substance that is not allowed in cosmetics, but which can be found in essential oils is [phthalates](#). Buyers will check if this substance is present. Phthalates are chemicals used in certain plastics, especially flexible plastic tubes. This is why you must make sure that all of your processing equipment is phthalate-free.

European buyers often test products they purchase to make sure that they meet their quality requirements. They also test samples provided by possible suppliers. Essential oils used for health products must be pure and free from chemicals and other contaminants. You must make sure that there are no foreign substances in your essential oils.

Tips:

Meet the quality standards of European buyers. For example, buyers may have requirements for essential oils used in fragrances in accordance with ISO standards.

Only make commitments and reach agreements with buyers if you can guarantee to meet them. Failing to meet agreed commitments may damage or end your business relationship with them.

Use UN-standard drums and jerry cans for your essential oils. Check the grade required with your drum provider. Transport information is also included in section 14 of the [Safety Data Sheet](#).

Quality management standards

European buyers of natural ingredients for cosmetics are often using quality management standards when checking the reliability of new exporters. Following quality management standards makes you reliable because it shows you want to deliver high-quality ingredients, along with giving your company a positive image.

Examples of standards that help show the good quality of your essential oils include the [Good Agricultural and Collection Practices \(GACP\)](#) and the [Good Manufacturing Practices \(GMP\)](#), both developed by the [European Federation for Cosmetic Ingredients](#).

Consider following quality standards for production methods as well, such as [ISO 22000](#), [ISO 9001:2015](#) and [Food Safety System Certification \(FSSC\) 22000](#). You should also consider following the [Hazard Analysis and Critical Control Points](#) system.

Tips:

Inform European buyers of the standards you meet and display them on your website and in your marketing materials, like the Indonesian company [PT Mitra Ayu Adi Pratama](#).

Make a map of your internal processes and carry out regular internal audits. Tools such as ISO's quality management principles and the [FSSC 22000](#) guidance can help small companies make procedures official even before full certification.

Labelling and packaging

Along with following the EU's mandatory Classification, Labelling and Packaging (CLP) requirements, consider meeting other common additional labelling and packaging requirements that European buyers have. This includes listing the following on your product documentation and labels in English, unless your buyers have other requirements:

- International Nomenclature Cosmetic Ingredient (INCI) name and product name;
- Name and address of exporter;
- Batch code;
- Place of origin;
- Date of manufacture;
- Best before date;
- Net weight;
- Recommended storage conditions; and
- Organic certification number along with the name/code of the certifying inspection body if you export organic essential oil.

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

- Use aluminium, lined or lacquered steel containers as they do not react with the components in essential oils;
- Make sure packaging materials, such as drums, are clean and dry before filling them with essential oils;

- Make sure your essential oils are kept at the correct temperature throughout the supply chain and store them in a dry place.

Tips:

Speak to European buyers to find out if they have preferences as well as specific requirements concerning labelling and packaging.

Inform your logistics provider that your essential oils need to be kept in a cool and dry place on their journey to the European market to preserve their quality.

Depending on your buyers' expectations, consider recycling or re-using packaging materials, for example by using containers made of recyclable materials, such as metal.

Ensure certified organic essential oils and conventional essential oils are physically separate to prevent cross contamination.

Payment terms

Payment is a key part of doing business that involves certain risks. As an essential oil exporter, you should choose payment terms that reduce your risks and work for both you and the buyer. There are [several methods of payment](#). However, for both importers and exporters, [Letters of Credit \(LC\)](#) are considered to be the safest option. An LC is managed by banks and promises payment if the goods are sent as agreed. Depending on their needs, importers and exporters can choose from [several LC payment terms](#). There are different types of LCs (such as standby, irrevocable and red clause). A standby LC is often the best choice for a new business relationship because it protects both parties.

Not all European buyers use LCs. Other common options are:

- 50% payment at shipment, 50% after approval;
- Cash in advance;
- Open account; and,
- Documentary collection.

Consider taking out [export credit insurance](#) as well. See what is available in your own country.

Tips:

Minimise your risks whilst working to meet the needs of European buyers. Understand what you need and talk to European buyers to learn what they expect. Find a middle ground that works for both sides. Never accept payment or delivery terms that you cannot meet.

See our CBI study on [tips for organising your exports of natural ingredients for cosmetics to Europe](#) and for guidance on available payment terms used in this sector.

Delivery terms

Before agreeing delivery terms with European buyers, you must carefully consider three important factors: delivery time, volume and cost. This is because failure to meet agreed delivery terms could end your trading relationship with European buyers.

Delivery time: based on volume and frequency. Air cargo is usually faster than sea freight, and more reliable in terms of on-time delivery.

Delivery volume/quantity of order: look carefully at the volume of your order when choosing a mode of transport. Larger amounts are often cheaper to ship by sea. With smaller amounts, air freight can be less expensive, as there are more possibilities.

Cost of delivery method: it is estimated that sea freight is usually 4 to 6 times cheaper than air freight. This applies to larger volumes.

Tips:

Be transparent, clear and flexible, and remember that there will be tensions and trade-offs with European buyers, especially if you are doing business with them for the first time. Business is all about trust.

Learn about and use [Incoterms](#). They are critical when negotiating payment and delivery terms with your potential buyers. In case of any dispute, the INCOTERMS that were agreed will be very helpful.

What are the requirements for niche markets?

Although there is no specific regulation for organic-certified cosmetics, there is a growing demand for certified organic ingredients in the European cosmetics market. The leading organic and natural standards are:

- [NATRUE](#)
- [COSMOS](#)

Both of these private standards have created definitions for organic and/or natural ingredients and natural and/or organic cosmetic final products.

There are over ten other natural and organic cosmetic standards in Europe; they include [Demeter](#) and [Organic Farmers and Growers](#).

As an exporter of essential oils in developing countries you can get various certifications that apply to environmental and social standards. These include:

- [Fairtrade International](#);
- [Fair for Life](#) standards;
- [FairWild](#), which certifies the use of sustainable collection, social responsibility and fair-trade practices; and,
- [UEBT](#), which certifies practices that respect people and biodiversity in the way ingredients from biodiversity are grown, collected, researched, processed and made commercial.

Tips:

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

Inform European buyers of essential oils that you have natural and/or organic certification after you have acquired it. Doing so is likely to make you more appealing to European buyers, which will usually make it easier to enter the European market.

Highlight any community programmes you support, such as programmes related to agroforestry, women's inclusion or local education. These can provide a competitive advantage if you are not yet certified, and they can demonstrate that your commitment goes beyond certification.

Look to examples like [Fairoils](#) (Kenya), which combines organic and fairtrade certification with strong social impact storytelling.

Consult the [ITC Sustainability Map](#) to learn more about certification schemes in this sector. It will also help you make a more informed decision about whether or not to obtain certification.

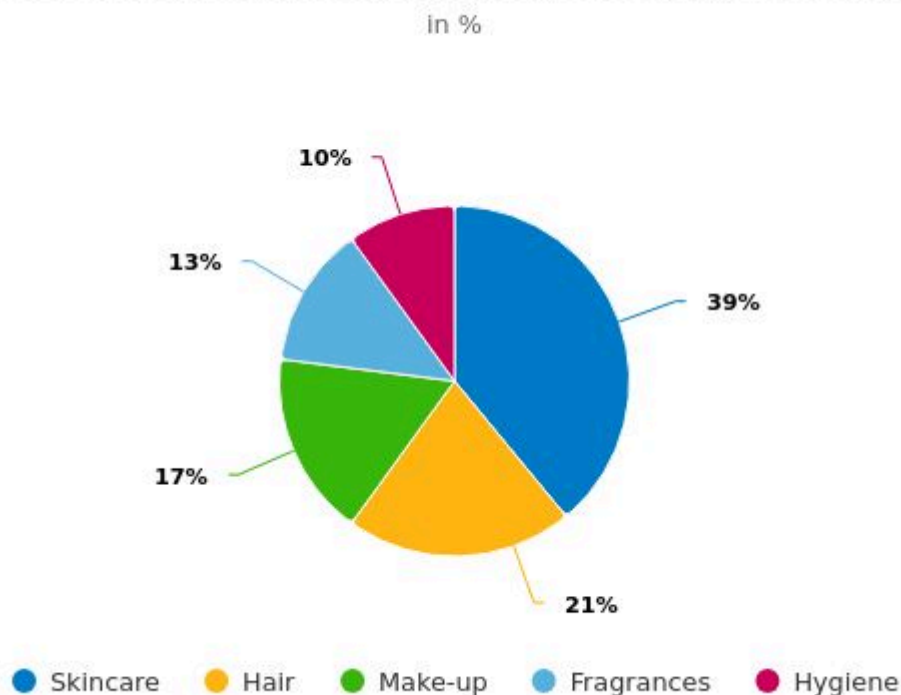
2. Through which channels can essential oils enter the European market?

To enter the European market successfully, essential oil exporters must understand how the market is segmented and through which channels products are distributed. This knowledge will help you identify your best sales opportunities and tailor your approach to different types of buyers.

How is the end-market segmented?

Essential oils are mainly used in three major end-market segments in Europe: cosmetics, fragrances and aromatherapy. These segments often overlap, as essential oils can serve multiple functions as aromatic, preservative or active, across the beauty and wellness industries. Figure 3 shows that, according to [L'Oréal's 2024 annual report](#), skincare (39%), followed by haircare (21%) make-up (17%), fragrances (13%) and hygiene products (10%) dominate the global beauty sector.

Figure 3: Global composition of the beauty sector in 2024



Source: [L'Oréal Annual Report, 2024](#)

Next to cosmetics and wellness, essential oils are used more and more in food supplements, natural health products and home care items like diffusers and natural cleaning sprays. Using oils in different ways increases the number of potential buyers and sales channels.

Through which channels do essential oils end up on the end-market?

Essential oils reach European buyers through several key channels. Understanding these channels will help you choose the right route to market based on your company size, certification status (such as REACH) and value proposition. Each channel involves different types of buyers, requirements, and business opportunities.

Importers and distributors

This is the main entry channel for exporters, especially SMEs. Distributors buy in bulk directly from producers and handle transport, compliance, REACH, CLP, warehousing and resale. They supply cosmetics manufacturers, fragrance compounders and aromatherapy brands. Well-known examples include [Ultra International](#) and [Voegele Ingredients](#). Many of these actors can be found through trade fairs like [InCosmetics](#) or sector associations like [IFEAT](#) and [Prodarom](#). Distributors are often open to sourcing from new suppliers that offer high-quality, certified and traceable essential oils with a strong sustainability story.

Manufacturers

Some manufacturers buy directly from producers, especially if they want more control over sourcing. Examples include [Biolandes](#) in France and [Treatt](#) in the UK, which work directly with producers and invest in long-term sourcing partnerships. A few cosmetics brands like [Lush](#) are also known to work directly with local suppliers. However, most manufacturers still source via distributors to reduce risks and simplify logistics. Direct access to this channel may require [REACH registration](#) and reliable volume capacity.

DIY retailers and e-commerce platforms

A fast-growing segment is the DIY cosmetics market, where consumers create their own natural beauty and wellness products. European companies like [Aromazone](#) in France, [Naissance](#) in the UK and [Dragonspice](#) in

Germany specialise in this niche. These companies often import directly from producers, sourcing in bulk and repackaging oils for resale online. Although their orders are smaller than those of industrial buyers, they can be frequent and offer higher margins and greater visibility. These buyers appreciate certified, sustainable ingredients with strong origin stories.

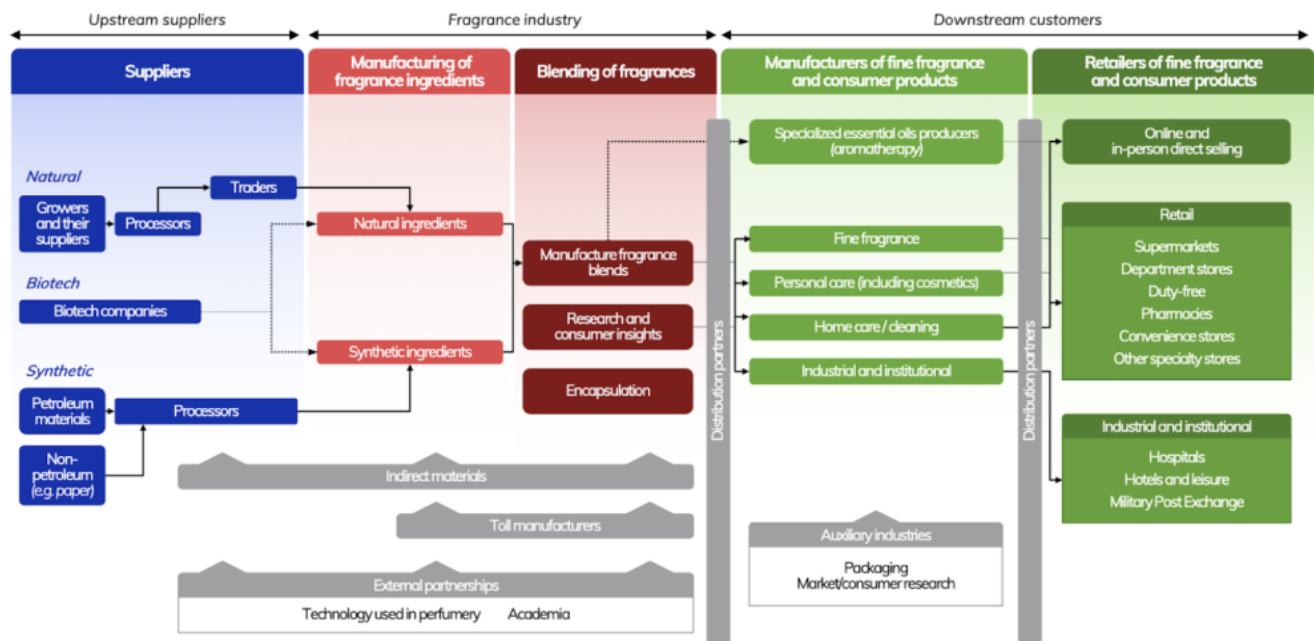
Perfumers and aromatherapists

Another group of potential buyers in Europe are small perfumers and aromatherapists. While these usually buy small quantities, they may be open to buying directly from exporters. Small perfumers and aromatherapists will use essential oils directly if they are pure and of high quality.

Because orders from these buyers are small, sales often do not require REACH registration. International transport is an important challenge, however. Essential oils are classified as dangerous goods, which means that special rules apply for packaging and shipping, which can increase transport costs.

Figure 4: Value chain for the fragrance industry

The Value of Fragrance » The fragrance value chain



Source: International Fragrance Association – The value of Fragrance, 2019

What is the most interesting channel for you?

The best sales channel for your essential oils depends on your company's size and capacity.

If you are a small company and do not have REACH registration, you can:

- Sell to buyers who already have REACH registration and can import more than 1 MT per year; and,
- Sell less than 1 MT per year to small importers like artisanal perfumers or aromatherapy brands, who do not require REACH registration.

If you have a strong origin story, an integrated supply chain, or sustainability commitments related to agroforestry, women's inclusion or regenerative farming, you may attract more European buyers, especially those seeking traceability and supplier values aligned with [ESG goals](#).

Buyers will also be interested in your supply chain configuration. There are three possible options:

- An integrated supply chain where you own the supplies of the raw material as well as the processing;
- You buy raw material from growers or collectors, and you process it using your extraction equipment; or,
- You buy essential oils processed by other companies. You may add value by further processing, or you may simply blend and export.

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

Exporters of essential oils to Europe must compete with companies from other countries that offer similar oils. This section focuses on general essential oils and highlights [frankincense](#) and [patchouli](#), both of which are in increasing demand for use in European cosmetics and wellness products.

Which countries are you competing with?

The main non-European competitors are Indonesia, Somalia/Somaliland, India and Madagascar. These countries supply essential oils with strong market positions, recognised quality or growing sustainable sourcing models.

Indonesia is the leading supplier of patchouli oil

Indonesia is the world's top exporter of patchouli essential oil, [supplying 85-90% of global demand](#). The country has significant experience and established value chains in Sulawesi, Sumatra and Aceh, each producing oils with distinct smells and compositions. Indonesian patchouli is widely used in cosmetics, personal care and fine fragrances.

Indonesia's strengths include high production capacity, regional specialisation, and increasing attention to traceability and sustainability. Indonesia also offers price competitiveness due to economies of scale. However, challenges remain regarding quality consistency and farmer income. Exporters are now starting to adopt ISO standards and sustainability certifications to strengthen their image in the European market.

Somalia and Somaliland are key sources of frankincense resin

Somalia and Somaliland are the main sources of *Boswellia* resin, which is used to produce frankincense oil. European companies often [import the raw resin and distil it locally](#). However, African and Middle Eastern exporters are improving their own distillation capacity, particularly in [Kenya](#) and [Oman](#), where companies focus on sustainable sourcing, batch traceability and collector registration.

Frankincense from [Somalia](#) and [Puntland](#) is well known, but the region faces issues such as overharvesting and lack of regulation. Exporters who can offer traceable and sustainably harvested frankincense through FairWild, UEFT or organic certification may have a competitive advantage with EU buyers.

India is a competitive supplier with a focus on the domestic market

India produces several types of essential oils, including patchouli, sandalwood and lemongrass. [Most of India's patchouli production is for domestic use](#), and exports to Europe are lower than Indonesia's. India's strengths include a large and experienced production base, established processing infrastructure [and a growing number of certified producers](#). However, Indian oils may face challenges in European markets due to batch inconsistency, limited transparency in some supply chains, and competition from cheaper Asian alternatives.

India's image in Europe is positive when it comes to natural ingredients, especially in the ayurvedic and

wellness segments. Exporters aiming to compete in Europe should focus on certification, consistent quality and compliance with the IFRA and EU Cosmetic Regulation standards.

Madagascar is a growing producer with a focus on sustainability

Madagascar is gaining visibility as a producer of patchouli, ylang-ylang and other exotic essential oils. While its volumes are lower than those of Indonesia and India, it positions itself as a [supplier of high-quality, ethically sourced oils](#). Many projects support agroforestry, biodiversity and community inclusion in patchouli value chains. Challenges include logistical costs and limited production scale, but exporters who offer transparency and strong storytelling can find good niche opportunities in Europe.

Tips:

Contact your country's trade ministry to see if there are support programmes for essential oil cultivation and export.

Consider joining the [International Federation of Essential Oils and Aroma Trades \(IFEAT\)](#) to connect with buyers and access technical resources.

If you are based in Indonesia, work with the [Indonesian Essential Oil Council \(DAI\)](#) to improve traceability and access to export markets.

If you are using new plants, follow EU safety rules and ensure compliance with the Nagoya Protocol, CITES and local laws. Always ensure safe handling during testing.

What companies are you competing with?

As an exporter of essential oils to Europe, you are competing with leading companies from the main supplying countries. These companies often have strong reputations, reliable traceability and clear positioning in key segments such as cosmetics, perfumery and aromatherapy. Understanding their strengths can help you improve your offer and visibility.

PT Mitra Ayu Adi Pratama, Indonesia

This company exports patchouli and other essential oils, working closely with farmers to ensure sustainability and traceability. Its long-term relationships with European buyers are built on product consistency and compliance. SMEs can learn from its use of clear certifications and transparent communication.

Video 1: Product highlight video by PT Mitra Ayu Adi Pratama

Source: [PT Mitra Ayu Adi Pratama](#)

Dayaxa Frankincense, Somaliland

[Dayaxa Frankincense Export Company](#) (DFEC) is a Somaliland-based enterprise that sources *Boswellia carteri* and *Boswellia frereana* resins with full traceability and tracks harvests using blockchain technology. The firm focuses on sustainable harvesting, fair pay for communities and supply chain transparency, elements that resonate with European buyers seeking certified and ethical ingredients. SMEs can learn from Dayaxa's strong documentation, origin story messaging and robust traceability systems.

Aromaaz International, India

[Aromaaz International](#) is a prominent Indian exporter of essential oils and herbal extracts. The company specialises in steam-distilled oils with quality certifications (ISO, GMP) and offers transparent documentation. Its strength lies in bulk supply capacity, consistent oil profiles and responsiveness to regulatory changes, making it a trusted partner for EU buyers.

Homéopharma, Madagascar

Homéopharma partners with smallholder farmers to [produce organic and fair trade essential oils](#). It combines quality control with biodiversity and social impact, offering a strong value proposition aligned with European demand for ethical sourcing.

Tips:

- Build a professional online presence that shows your quality, traceability and sustainability.
- Use certifications or community impact stories to set your product apart.
- Monitor successful companies and adapt your offer to meet buyer expectations.

Which products are you competing with?

In the European market, essential oils face competition from several substitute products, both synthetic and natural. These alternatives may offer benefits in terms of price, stability or ease of formulation, but they also come with limitations, especially in the natural and clean beauty segments.

Synthetic fragrance ingredients are widely used in perfumes and cosmetics. While synthetics like vanillin or synthetic lavender are cheaper and more consistent, manufacturers that use essential oils can stand out by promoting their natural origin, traceability and ethical sourcing.

Biotech and natural isolates, ingredients made through [fermentation or isolation from natural materials](#), are becoming more common in 'green chemistry' formulas. Although they are stable and can have lower allergen levels, they often lack the rich scent profiles and cultural value of essential oils. Exporters can stand out by offering complex, full-plant oils with strong storytelling and community benefits.

Botanical extracts and distillates like hydrosols and tinctures are used in soft formulations like mists and toners. They are gentler and cheaper but less concentrated than essential oils. Essential oils remain the better option when a stronger fragrance or therapeutic benefit is needed.

Finally, CO₂ extracts and absolutes are used in fine fragrances and high-end cosmetics. While they offer strong scents and high purity, they also require costly technology and are less accessible to small producers. Essential oils are often more affordable to produce and can still serve premium markets if high quality and good documentation are ensured.

Tips:

Raise the level of social and environmental sustainability of your essential oils to counter arguments that biotechnology is more environmentally friendly.

Develop a clear and compelling website or digital profile that highlights your unique strengths (origin, quality, sustainability certifications, female-led operations or regenerative practices).

Keep up to date with technological developments in the fragrance industry and explore cooperation or joint ventures with regional competitors to share logistics or promote your region as a sourcing hub.

4. What are the prices for essential oils on the European market?

Essential oil prices in Europe vary significantly across the value chain, influenced by factors such as origin, oil quality, regulatory costs (e.g. REACH and CLP compliance), market demand for sustainable sourcing, and weather-related disruptions.

Prices have remained relatively high in 2025, particularly for oils like frankincense and patchouli, due to droughts in the Horn of Africa, cyclones in Madagascar and floods in India.

There is no single public source for up-to-date Free on Board (FOB) prices. However, companies such as [Ultra International](#) and trade bodies like [IFEAT](#) publish market updates that offer useful ranges.

Retail prices (typically based on small 10 ml units) vary widely and do not reflect FOB rates directly. Factors such as oil age (particularly for patchouli), certifications and end-use segment (e.g. perfumery vs aromatherapy) also affect price.

Pricing strategies should consider your production costs, margin expectations and buyer profiles. Larger buyers may negotiate volume discounts, while smaller niche buyers may value quality and traceability over low prices.

Table 1: Indicative prices for frankincense and patchouli essential oils across the value chain

	Frankincense oil (€/kg)	Patchouli oil €/kg
Exporter	100-200	55-75
Importer/distributor (+40-80%)	350-550	150-300
Online/retailer (of the pure oil) (typically sold in 10 ml bottles)*	800-4,000	350-1,400

Source: [ProFound](#), [e-Robertet](#), [IFEAT](#), 2025

*Margins vary widely and depend not only on the retailer's policies but also on the price and quality.

The prices in the above table can only be considered as a guideline.

Tips:

Make sure that you have detailed and accurate production costs for your essential oils and add your reasonable margin to this.

Know how your product and value proposition compare to your competition. Be clear and confident with the buyer about your quality, USPs and differentiators.

Stay updated with market reports from [Berjé](#), [Ultra](#) and [IFEAT](#), and adjust your pricing every quarter.

Prepare your price lists before going into a meeting with a buyer. Use [Incoterms](#) to create a price ladder: quote different prices depending on volume (5 kg, 25 kg, 200 kg) and payment terms.

[ProFound - Advisers in Development](#) carried out this study on behalf of CBI.

Please review our [market information disclaimer](#).