

PRESS RELEASE

The West European Market for Essential Oils

IAL Consultants has recently published the first edition of this new market report on the West European Market for Essential Oils. The report provides an overview of the trends and legislative factors that have an impact on this increasingly important sector. IAL Consultants believes this market report to be the most up-to-date and invaluable source of information available on the West European Essential Oil market. The report is now available at a price of US\$ 1,250 from IAL Consultants, 109 Uxbridge Road, Ealing, London, W5 5TL, United Kingdom, Tel: +44 (0) 20 8832 7780, Fax: +44 (0) 20 8566 4931.

Information contained in this report includes:

- Geographical coverage of the following European countries: Austria, Belgium/Luxembourg, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
- Essential oils covered and described in this market report are the following: Bergamot, Orange, Lemon, Lime, Other Citrus Fruit, Geranium, Jasmin, Lavender or Lavandin, Peppermint, Other Mints, Vetiver, Clove, Niaouli, Ylang-Ylang and Other Essential Oils.
- The production in volume (tonnes) and value (euros) of essential oils in the major European countries, from 1997 to 1999.
- The trade (imports and exports) and trade balance of essential oils in volume (tonnes) and value (euros) for each West European country. Data is provided for the years 1998 to 2000 and covers each oil type.
- A technology review of the main methods of extraction: Distillation, Expression, Solvent Extraction and Nitrogen Extraction and Carbon Dioxide Extraction.
- Market trends and influences
- EU legislation and regulations
- A comprehensive directory of national manufacturers and distributors of essential oils, together with a detailed listing of other sources of information such as trade associations and trade journals.

European Production

IAL Consultants estimates that the total production of essential oils by the major producing countries in Western Europe was approximately 33,600 tonnes in 1999. This is an increase of around 17% from year 1998.

France is the major producer of essential oils in Western Europe. Total French production of essential oils in 1999 was around 20,000 tonnes, which is an increase of around 30% from 1998. The production is valued at around 405 million Euros. The UK's production in 1999 was approximately 7,000 tonnes which is an increase of around 17% from the year 1998.

There is significant production of orange and lemon essential oils in Europe. Orange oils are mainly produced in Italy and Spain.

In the near future, production will be located more and more outside the EU countries. This is mainly due to Western Europe's difficulty in remaining competitive within this industry, compared to countries outside the EU.

Table 1

Total European Imports and Exports of Essential Oils, Jan-Sept 2000, in Tonnes (excluding Switzerland)

Essential Oil Type	Total Imports	Total Exports	Trade Balance
Bergamot	220.3	481.4	261.1
Orange	11,300.9	4,310.5	-6,990.4
Lemon	1,937.4	2,007.6	70.2
Lime	574.4	236.6	-337.8
Other citrus fruit	1,193.8	926.8	-267.0
Geranium	181.8	127.8	-54.0
Jasmin	26.1	21.0	-5.1
Lavender	532.8	1,028.3	495.5
Peppermint	2,137.0	778.9	-1,358.1
Other mints	1,646.6	607.5	-1,039.1
Vetiver	84.7	14.9	-69.8
Clove, Niaouli, Ylang-Ylang	983.1	250.3	-732.8
Other Essential Oils	10,960.8	4,924.0	-6,036.8
Total	31,779.7	15,715.6	-16,064.1

Source: Eurostat, IAL Consultants

Orange dominates European imports of essential oils with 36% and exports with 27%. Lemon accounts for approximately 13% of total European exports.

- The demand for essential oils is expected to grow in Europe over the next five years. There is always fierce competition from the synthetic substitutes. In Europe, there is high demand for cheaper synthetic oils as price is an important issue. In Europe, many producers are trying to replace essential oils with synthetic oils. Essential oils in Europe will

become more and more artificial and less pure because of the high cost of extraction.

- The primary markets for essential oils are the flavour and fragrance industries, which include soft drink companies, food companies and perfume companies. Essential oils are used by the food and fragrance industries as a source of flavour or aroma and in the pharmaceutical industry to add flavouring and palatability.
- In Spain, there is a trend towards the increased use of essential oils in the perfumery industry. In the UK, the cosmetics industry is a large end-use market for essential oils. The European countries do not vary significantly in their use of the different essential oils. However, in France and Germany, essential oils are used mainly in the cosmetics and fragrance industries.
- The flavour industry in Europe is expected to grow annually and there is also growth expected in the use of essential oils by the fragrance industry. Other areas of growth are pharmaceuticals, cosmetics, aromatherapy, personal care and detergent products such as washing powder.
- The countries that export essential oils into the EU are mainly: Bangladesh, Brazil, China, Egypt, India, Israel, Madagascar, Malaysia, Morocco, Tunisia, US, South America (Paraguay), and Eastern Europe (Bulgaria, Hungary and Romania). In the future there will be more imports from China, Egypt and Madagascar into the EU. Western Europe imports essential oils from outside the EU due to lower prices, better quality and because some plants do not grow in Europe.
- Prices vary within the essential oil industry depending on the oil type. Price fluctuations are very common within the market for essential oils and price volatility will remain prevalent in the future. Rose and Jasmin are particularly expensive essential oils and Citrus oils are less expensive.

About IAL Consultants

IAL Consultants has been providing consulting and research services to the world's chemical industry for over 30 years. IAL Consultants, based in London with offices in Japan and the US, is an industrial market research consultancy specialising in the chemical, plastics and allied processes industries. IAL has carried out many in-depth surveys in a wide range of chemical and plastics-related markets. In addition to our private client research services, IAL produces a series of published and multi-client reports which cover specific chemical and plastics industry sectors. These reports are used by senior managers world-wide in the industry as standard references to assist in the formulation of their global marketing strategies and tactics.

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