

The European market potential for essential oils

Aromatherapy products are gaining popularity in Europe. The reason is that European consumers are looking for more natural and green ways to improve and maintain their health. As a result, the demand for essential oils is increasing in Europe. It is expected that this trend will continue, as essential oils offer many beneficial properties and can be used as a complementary treatment to conventional healing methods.

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1. Product description

Essential oils are chemical compounds extracted from plants that have been used throughout history, with [their history](#) being traced back to ancient Egypt. There are several types of essential oils; [the most popular essential oils](#) include lavender, peppermint, orange, eucalyptus, tea tree and lemon.

The essence of plant extracts is what makes oils essential, which are mainly obtained through steam and water distillation. Mechanical methods such as cold pressing alongside solvent extraction are other ways of obtaining essential oils from plant extracts.

Essential oils are increasingly being used in aromatherapy products and treatments. Key drivers behind this trend are the health benefits that they provide, which include solutions to skin-related issues, pain management and insomnia. Other health benefits include essential oils that help to alleviate fatigue, anxiety, stress or memory loss, among other things. [An article on ScienceDirect](#) describes various other benefits of aromatherapy with essential oils.

Frankincense

Frankincense essential oil is sourced from the *Boswellia carterii* tree, which is typically found in Somalia and Pakistan. The oil is extracted by steam distillation from the oleo gum resin. It is used in cosmetics and aromatherapy, as it has active and functional properties. Frankincense oil has anti-ageing properties; it is also used to reduce acne and blemish, while it is a remedy for scars, wounds, eczema and stretch marks as well.

In aromatherapy, frankincense oil is used to relieve stress and anxiety, reduce pain and inflammation, boost the immune system and help fight cancer. While frankincense essential oil is traded under HS code 33012941, there are no trade data recorded under this HS code. Trade data of frankincense essential oil are clubbed together under HS code 330129.

Patchouli

Patchouli comes from a plant species in the same family as mint and lavender. There are 3 species of patchouli: Pogostemon Cablin, Pogostemon Heyneanus and Pogostemon Hortensis. Pogostemon Cablin is the one cultivated for its essential oil because of its superior properties.

Patchouli is a brushy herb grown in the tropical regions of Asia. It has a heavy and strong scent. It is usually extracted by steam distillation of the dried leaves. Initially, patchouli was used in the perfume industry, but it is also used now in incense and alternative medicine. Patchouli oil is made using sesquiterpene alcohol, which helps its use in fragrances.

In the cosmetics industry, patchouli can be used in haircare products, skincare products and deodorants. It is mainly used for its conditioning properties. Patchouli essential oil is traded under HS code 3301295129. Trade data of patchouli essential oil are clubbed together under HS code 330129.

Nutmeg

Nutmeg is a ground spice derived from several species of the genus *Myristica*. *Myristica* is a dark-leaved evergreen tree that produces nutmeg from its seed and mace from its seed covering.

Myristica trees producing nutmeg are native to Indonesia; they also cultivated in Malaysia, India and the Caribbean. Nutmeg has a strong fragrance and a warm, slightly sweet taste. Nutmeg is frequently refined into an essential oil via steam distillation, after which it is used in the pharmaceutical, health and aromatherapy industries.

In the natural health product industry, nutmeg is used as an ingredient in cough syrup and toothpaste. Nutmeg is widely used for its health benefits, as it has antioxidants and good anti-inflammatory properties. Nutmeg is traded under HS code 3301293. Trade data of nutmeg essential oil are clubbed together under HS code 330129.

Geranium

Pelargonium, commonly known as geranium, is a genus of flowering plants including around 200 species of perennials, succulents and shrubs. Geranium is indigenous to mild and tropical regions of the world.

Geranium is native to South Africa; it is cultivated in African, Central American and Asian countries. Through the process of steam distillation, geranium is refined into an essential oil. As an essential oil, geranium is frequently used in the pharmaceutical, health and aromatherapy industries.

In the natural health products industry, geranium is mainly used as an ingredient for its positive medicinal properties, which include antioxidant, antibacterial, anti-inflammatory, anti-microbial and astringent properties. Geranium is traded under HS code 330121.

The majority of essential oils are used as flavouring in food products. They are also used in cosmetic products, aromatherapy products and pharmaceuticals. Essential oils are typically used in cosmetic products as fragrances in skincare products and perfumes. This report focuses on essential oils and their application in the health product industry.

Tip:

Create a dossier of materials describing the beneficial properties of individual essential oils used in aromatherapy. Familiarise yourself with the conditions for which your oils are used. Be careful how you word these claims on your marketing materials. For example, essential oil suppliers offer such [information for individual oils](#).

2. What makes Europe an interesting market for essential oils?

Europe is an attractive market for essential oils from developing countries, as there is a growing demand for aromatherapy products. Essential oils are seen as a more natural way to treat various physical and mental health conditions. European consumers use aromatherapy products as a complementary way to improve their health.

Europe has a [growing market for aromatherapy products](#). It is estimated that the market was worth USD 1.34

billion in 2016. It is forecast to grow at a compound annual growth rate of 9.5% to reach USD 2.7 billion by 2024.

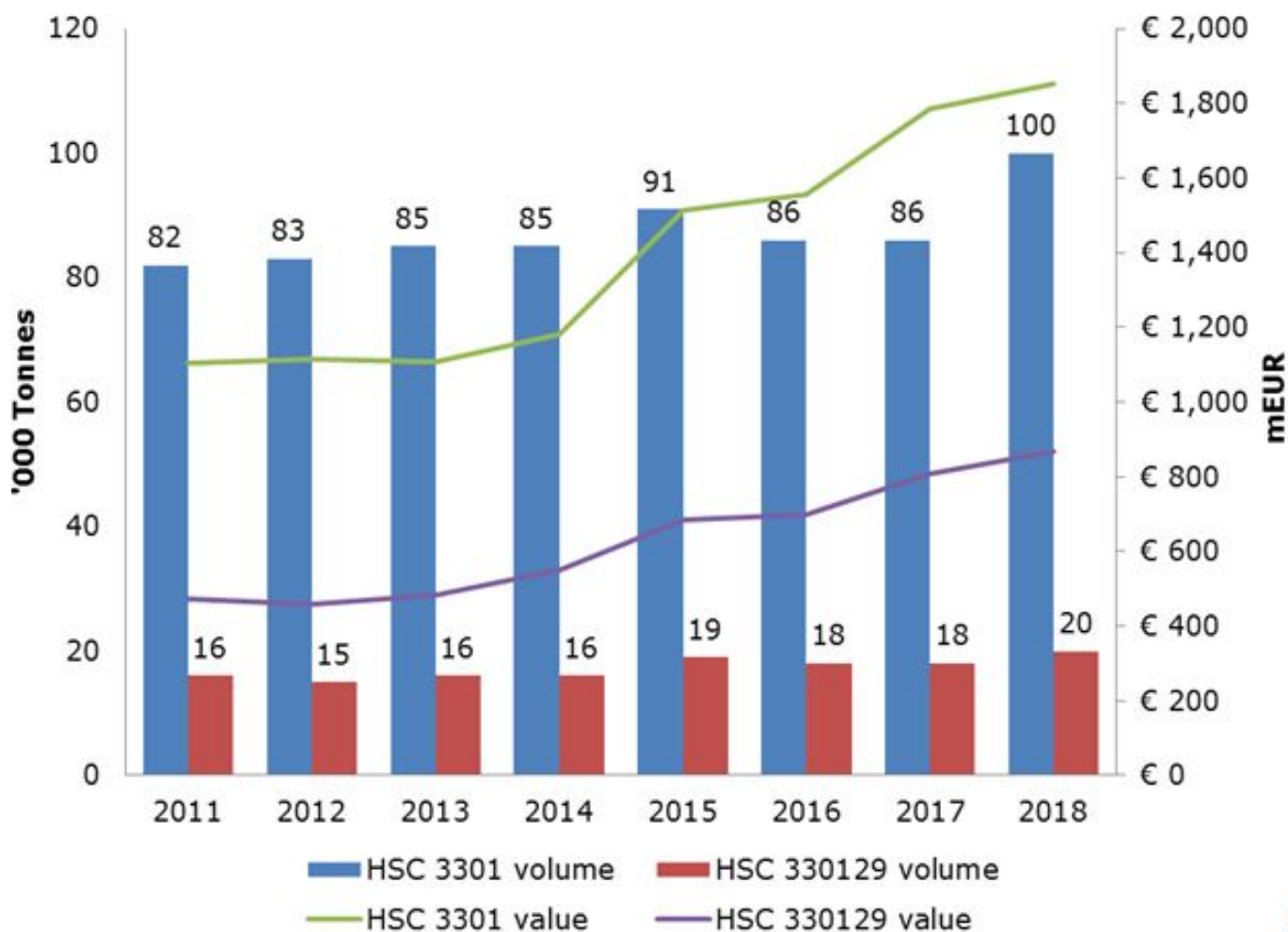
The demand for aromatherapy products in Europe is growing, as consumers look for alternative ways to treat health conditions. Essential oils have a wide range of properties such as stress-relieving, anti-bacterial, soothing, refreshing and invigorating. They can be used to treat or alleviate symptoms of conditions such as indigestion, stress, insomnia, anxiety, depression and eczema.

According to the [World Health Organization](#), around 25% of the European population suffers from depression and anxiety each year. Up to 50% of chronic sick leave in Europe is because of depression and anxiety, putting a strain on the European economy.

There is a growing trend towards more natural ways of treatment as opposed to conventional medicine. European consumers also use alternative healing modalities in a complementary way alongside conventional medicine. This trend generates a demand for essential oils in Europe.

Figure 1 shows intra- and extra-EU imports of essential oils to Europe. It shows that the demand for essential oils is growing. The imports of essential oils increased in value as well as volume between 2011 and 2018.

Figure 1: Imports of essential oils to the EU, 2011–2018, in 1,000 tonnes and in € million



Source: Eurostat

Between 2011 and 2018, the imports of essential oils increased by almost 68% in terms of value. Over the same time period, the volume of imports increased by 22%. These figures indicate a trend of increasing prices for essential oils. The production of essential oils is susceptible to unstable weather conditions, diseases and

climate change. It is expected that the prices of essential oils will continue to increase in the near future.

It is shown that the demand for essential oils with HS code 330129 increased between 2011 and 2018. The imports increased by almost 71% in value and by 25% in volume. The imports from outside of the EU accounted for around 60%. This share declined from 69% in 2011.

Geranium is traded under HS code 330121. Unfortunately, there are no trade data recorded under this HS code.

There is a growing opportunity for suppliers of essential oils from developing countries to export to the European market. The import data show that the demand for essential oils has grown on the European market. While the market for the most popular essential oils such as orange, peppermint, lemon is very competitive, there is an opportunity for suppliers from developing countries to export niche essential oils that are traded under HS code 330129.

By supplying essential oils such as frankincense, patchouli, sandalwood, ylang-ylang, nutmeg, cajeput and cassia oil, exporters from developing countries can grab the attention of European buyers. Exporters from developing countries can gain a market foothold, since most of these oils are not produced in Europe. It is shown that the volume and value of essential oils with HS code 330129 increased over the last few years.

According to industry sources, the demand for geranium essential oil is also increasing. In aromatherapy, geranium is used to reduce feelings of stress, sadness, fatigue and anxiety. As European consumers seek more natural treatments for mental health issues, the popularity of geranium and its use in aromatherapy are expected to rise.

The health benefits of essential oils are a major reason for the growing demand for aromatherapy products in Europe. Increasing health consciousness among European consumers, the demand for greener and more natural products, as well as the rising rates of chronic and mental illness in Europe are forecast to stimulate the demand for aromatherapy products in Europe.

Tips:

Focus on niche essential oils that cannot be sourced from Europe. European buyers prefer to source raw materials locally and will only consider imported essential oils if there is limited supply.

Visit trade fairs in Europe when looking for European buyers. Examples include [Biofach](#) and [Vivaness](#).

See the [CBI report on which requirements](#) to comply with when doing business with European buyers.

3. Which European countries offer the most opportunities for essential oils?

The countries that offer the most opportunities for suppliers of essential oils are France, Germany, the Netherlands, the UK, Spain and Austria. These countries are the largest importers of other essential oils. France, Germany as well as the UK also have important processing and consumer markets.

France

Table 1 Imports of essential oils (HS code 3301 and 330129) to France, 2011–2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
HSC 3301	11.6	32%	435.84	73%	India (9.4%), Brazil (8.8%), Belgium (8%), China (7.9%)	Elixens
HSC 330129	5.1	30%	305.93	90%	China (14.3%), Belgium (13.1%), Indonesia (12.4%), Madagascar (11%)	SNPM Huiles Essentielles

Source: Eurostat

Table 1 shows that France is the leading importer of essential oils in terms of value. The country saw a healthy rise in the imports of essential oils between 2011 and 2018. Around 60% of essential oil volumes are imported from outside of the EU. Essential oils with HS code 330129 account for about 44% of the total volume of essential oils imported to France. In terms of value, this figure is around 70%.

The demand for essential oils in France is expected to continue to increase in future. The country is known for its strong production and processing industry of essential oils. Essential oils with HS code 330129, including frankincense, patchouli and nutmeg, represent an important part of French imports.

France has a robust market for aromatherapy products. PuresSENTIEL, Phytosun (Omega Pharma) and Le Comptoir Aroma (Laboratoires Gilbert) are some of the leading manufacturers of essential oils as well as aromatherapy products. Aromatherapy products are available in pharmacies across France, making them more accessible to consumers. Leading importers of essential oils include Elixens and SNPM Huiles Essentielles. Many fragrance companies are based in France; they include Robertet and Mane.

The demand for essential oils is likely to continue to grow on the French market. France has a strong domestic demand; the country is also a major re-exporter of essential oils to other European countries. Exporters of essential oils are likely to find the French market attractive.

Germany

Table 2 Imports of essential oils (HS code 3301 and 330129) to Germany, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
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HSC 3301	21.5	4%	372.45	72%	Netherlands (43.4%), Brazil (11.5%), China (8.2%)	SanaBio GmbH
HSC 330129	3.6	17%	139.27	53%	China (41.9%), France (17.7%)	Atriplex GmbH

Source: Eurostat

Germany is a leading importer of essential oils in terms of volume. The country reported an increase in the imports of essential oils between 2011 and 2018. The imports of essential oils from outside of the EU account for 36% in terms of volume, a slight increase from 33% in 2011.

Essential oils with HS code 330129 account for 17% of the total volume imported to Germany. This share increased from 15% in 2011. Germany has a robust processing industry and it is an important consumer market.

Primavera Life, Taoasis and Neumond are important suppliers of essential oils. These products are mainly available in specialist retailers such as organic food shops and pharmacies. Larger companies such as Primavera Life source essential oils directly. Other smaller companies usually buy from traders and importers. Leading importers of essential oils in Germany include SanaBio and Atriplex. SanaBio specialises in organic essential oils.

Germany is expected to remain an important market for essential oils. Suppliers of essential oils should focus on German traders, especially if they supply organic essential oils. Germany is showing a growing demand for organic products; it has the largest market for organic personal care products and food products. The consumer demand for organic products extends to related product sectors.

The Netherlands

Table 3 Imports of essential oils (HS code 3301 and 330129) to the Netherlands, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
HSC 3301	16.0	39%	285.40	173%	Brazil (45.5%), Mexico (11.5%), USA (11.1%)	IMCD N.V.

HSC 330129	1.7	128%	88.13	230%	USA (31%), China (18%), France (8.5%)	De Lange BV
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Source: Eurostat

The Netherlands is a significant importer of essential oils in Europe. The value of imports increased by more than 170%, while the volume rose by 39%. These figures indicate a substantial increase in prices, which is caused by poor harvests and unfavourable weather conditions. Essential oils imported from outside of the EU have an 85% share. This share has been increasing slightly.

Essential oils with HS code 330129 account for more than 10% of the share. This share increased in the last couple of years and is expected to continue to do so in future.

The Netherlands is expected to remain an attractive export destination for essential oils. The country is an important re-exporter of raw materials, such as essential oils to other European countries. Important traders of essential oils include IMCD and De Lange.

UK

Table 4 Imports of essential oils (HS code 3301 and 330129) to the UK, 2011-2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters	Important Market Players
HSC 3301	12.1	-4%	257.59	37%	Brazil (17.5%), USA (15.1%), China (11.4%)	Cornelius
HSC 330129	2.5	4%	116.74	53%	China (41.7%), USA (12.4%), France (12%)	A&E Connock

Source: Eurostat

British imports of essential oils decreased by 4% in terms of volume. The value of imported essential oils increased by more than 35% between 2011 and 2018. The share of essential oils imported from outside of the EU was 66% in 2018, a slight decrease from 68% in 2011. Essential oils with HS code 330129 make up about

20% of the total imported volume.

The UK has a large market for aromatherapy products. Important market players include Neal's Yard Remedies, Tisserand and Absolute Aromas. The UK company Neom Organics produces natural haircare products using certified Organic essential oils.

The demand for essential oils is expected to remain high in the foreseeable future. However, Brexit may disrupt the supply chains for raw materials. In case of a no-deal scenario, it may take some time to renegotiate trade deals and tariffs with other countries.

Spain

Table 5 Imports of essential oils (HS code 3301 and 330129) to Spain, 2011–2018

2018	000 Tonnes	% Change in Volume (2011–2018)	m EUR	% Change in Value (2011–2018)	Exporters	Important Market Players
HSC 3301	17.4	164%	134.88	83%	France (66.6%), Brazil (7.4%)	CHEMIR S.A.
HSC 330129	3.0	6%	85.59	86%	China (24.3%), Indonesia (18%), France (16.3%)	Grupo Plimon, S.L.

Source: Eurostat

Spanish imports grew by double- and triple-digit rates between 2011 and 2018. Essential oils imported from outside of the EU accounted for a 24% share in 2018, a decrease from 67% in 2011. Essential oils with HS code 330129 account for around 17% of the total volume and 63% of the total value of essential oils imported to Spain.

Leading essential oils importers in Spain include Grupo Plimon and Chemir. The demand for essential oils is expected to continue to increase in the coming years. Indonesia and China are the most important exporters for essential oils with HS code 330129. There are opportunities for essential oil producers from developing countries.

Austria

Table 6 Imports of essential oils (HS code 3301 and 330129) to Austria, 2011–2018

2018	000 Tonnes	% Change in Volume (2011-2018)	m EUR	% Change in Value (2011-2018)	Exporters from Outside of EU in Value	Important Market Players
HSC 3301	6.6	126%	45.45	78%	Ukraine (41.7%), China (19.3%)	Des Stübener Kräutergarten
HSC 330129	1.1	93%	28.41	95%	Korea (27%), Russia (23%)	Schrofner Cosmetics GmbH

Source: Eurostat

Austria is also showing a rise in the imports of essential oils. These imports recorded a double- and triple digit increase between 2011 and 2018. The imports of essential oils from outside of the EU have a 23% share. Essential oils with HS code 330129 account for almost 17% of the total imported volume.

Although Austria does not have a large consumer market, there is a growing demand for aromatherapy products. Most essential oils imported to Austria come from within the EU. There is a growing demand for organic essential oils on the Austrian market. The demand is expected to continue to increase.

The most attractive countries for essential oils exporters are Western European countries. These countries import the largest volumes of essential oils. Almost all of them recorded an increase of imports between 2011 and 2018.

Countries such as France, Germany, Spain as well as the UK have robust processing industries and have some of the largest consumer markets. France, Germany and the Netherlands are important exporters of essential oils to other European countries.

Tips:

Focus on Western European countries. These countries have important processing industries and large consumer markets for aromatherapy products. Countries such as France and Germany are also important exporters of essential oils to other European countries.

See the [CBI report on tips for finding buyers and doing business](#) for more information about building as well as maintaining relationships with European buyers.

4. Which trends offer opportunities on the European market?

Rising awareness of environmental issues is leading consumers to demand higher levels of transparency and traceability in the supply chains for their natural health products. As a consequence, consumers are demanding more environmentally friendly and ethical products. The demand for essential oils is also driven by the growing

popularity of aromatherapy in Europe.

Growing importance of sustainable production

There is a growing demand for the transparency and traceability of supply chains in the natural product industry. This trend is driven by increasing consumer awareness and demand for environmentally friendly products. Sustainable production of frankincense and patchouli essential oils is becoming important.

Boswellia carterii trees are dying because of over-harvesting. Since frankincense production is the main source of income for some disadvantaged communities in mountainous regions of Somalia, the farmers are under economic pressure. As a result, multiple cuts are made to trees and they are not given the usual 1-year resting period. Moreover, the increasing demand for frankincense essential oil pushes up the prices, putting pressure on farmers to produce more.

This situation leaves *Boswellia* trees vulnerable to insect attacks and decreases their germination rate. Such unsustainable practices could have severe consequences for frankincense oil production. A recent study published by Nature Sustainability concludes that frankincense production will decrease by half in the next twenty years and *Boswellia* woodlands around the world will shrink by 90% in 2070.

Suppliers of frankincense from developing countries should adopt sustainability schemes, such as FairWild or Organic certification. One of the disadvantages of FairWild certification is that it requires constant monitoring and is rather data-intensive, which could be difficult to comply with in rural communities that produce frankincense. Organic certification could improve the production methods of frankincense and increase traceability.

Producers of patchouli essential oil are also faced with many sustainability challenges, which include agricultural practices, climate change, soil nutrient depletion and vulnerability of farmers. There are various sourcing partnerships in place that enable sustainable sourcing of patchouli. These partnerships have been introduced by [Givaudan](#) and [Firmenich](#). Firmenich sources its patchouli from Indonesian essential oil supplier [Indesso](#).

Around **70%** of the global nutmeg production is in countries threatened by climate change. Nutmeg is native to Indonesia; it is also cultivated in Guatemala. These countries are 2 of the largest producers of nutmeg. Both Indonesia and Guatemala are ranked in the top ten countries most exposed to climate change according to the [CCEI](#). As a result, there are challenges to the future sustainability of nutmeg.

Other key factors affecting the sustainable production of nutmeg **include** poor agricultural practices, uncontrolled use of pesticides, poor waste-water management and inadequate labour conditions.

Geranium is native to South Africa. [The South African Department of Agriculture, Forestry and Fisheries](#) warns about a number of factors putting the future sustainability of geranium at risk. They **include** several infectious fungal and bacterial diseases, alongside viral diseases.

Sustainability practices in the essential oil industry will become more important in the coming years. Suppliers of essential oils should adopt sustainable production practices and/or certification schemes.

Tips:

Invest in sustainability practices when supplying frankincense and patchouli essential oils. European buyers look for suppliers that adhere to sustainability standards and practices. Buyers like to use this information in marketing, especially when approaching customers.

Consider adopting sustainability standards such as [FairWild](#) and/or [Organic](#). Having your essential oils certified adds credibility to your products, allowing you to charge a premium. Make sure that you present all your certifications on your marketing materials.

Specify the origin of essential oils that you supply. This can add to the marketing story and can help you when approaching buyers.

Growing popularity of aromatherapy in Europe

In line with the [global aromatherapy market](#), the European aromatherapy market has experienced steady growth. [According to Data Bridge Market](#), the European aromatherapy market is predicted to be worth USD 2.73 billion by 2024, an increase from USD 1.33 billion in 2016. The market is projected to show a compound annual growth rate of 9.5% up to 2024.

A major driver behind this growth is rising consumer awareness of the health benefits of aromatherapy products. [Health benefits include](#) aromatherapy used for skin-related problems, pain management, insomnia, cardiovascular and respiratory disorders, and digestion problems. In addition, aromatherapy is used to treat coughs and colds.

According to a survey of the European Agency for Safety and Health at Work, Europeans are [increasingly living hectic and stressful lives](#). Consumers are using aromatherapy to relieve their stress and to help them relax, which is also stimulating the demand for aromatherapy products. Another key driver is that consumers choose to live greener and sustainable lifestyles, which aromatherapy allows them to do.

Tips:


Do not make any medicinal claims for your essential oils for aromatherapy when approaching buyers or in your marketing materials. Instead, focus on the positive effects on health and how essential oils can contribute to well-being. All health claims have to be backed by scientific evidence. Medicinal claims for aromatherapy products are not permitted unless the product is a licensed medicine.


For more information on trends in the health products industry, see the [CBI trends](#) study. You can find more information on how to tap into opportunities on the European market for health products.


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

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