CBI MARKET SURVEY

THE NATURAL COLOURS AND THICKENERS, AND ESSENTIAL OILS MARKET IN POLAND

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the market for natural colours, flavours and thickeners in Poland. The information is complementary to the information provided in the CBI market survey 'The natural colours, flavours and thickeners market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.nl/marketinfo.

1. Market description: industrial demand and production

Industrial demand

- According to industry sources, Poland has a medium-sized industrial demand for natural colours, flavours and thickeners. This is for a great part due to the relatively high population level in Poland.
- Many multinational suppliers of food additives have sales offices dedicated to sales in Poland. This is an indication of the relatively large size of the market. Some food manufacturers such as Danisco and Cargill also have production facilities in Poland. This has a positive effect on industrial demand for the raw materials for natural colours.
- It is expected that the industrial demand for natural colours, flavours and thickeners will remain at the same level or increase slightly in the near future. Over the last couple of years, however, since Polish EU membership, consumption of food additives has increased. This was caused by differences in legislation. The EU legislation allows for more food additives than former Polish legislation and this had a positive effect on the consumption of natural colours, flavours and thickeners. Moreover, various flavour houses such as Sensient Technologies, Firmenich and ETOL have marked East European countries as (potential) growth markets for their products.

Production

- Historically, Poland produced significant amounts of essential oils for the world market. However, during recent decades, the Polish industry underwent a structural and economic transformation similar to that of many other countries in Central and Eastern Europe. Essential oil production declined and is currently of little importance to the national market. The most important essential oils produced today in Poland include angelica, lovage, sage, peppermint, valerian, chamomile, caraway, coriander and thyme. Production occurs only in response to market demand.
- According to industry sources, production of other natural colours, flavours and thickeners is also relatively small compared to that of other EU countries. Climatic and economic conditions are barriers to the production of most of the raw materials needed for the production of natural colours, flavours and thickeners.

Trends

- Trends in Poland are similar to the trends in the EU as a whole. There is an increased demand for low-fat food with only natural additives, which fits in with a healthy lifestyle. Hence, more demand for healthy (organic) ingredients. Refer to the survey covering the EU for more detailed information.

Opportunities and threats

- Although the large ingredient manufacturers generally do not have processing facilities in Poland, the Polish market for the end-products is quite large.
- Increased health awareness stimulates demand for natural food ingredients

Useful sources

- PFPZ (http://www.pfpz.pl/index/?lang_id=2): Polish Federation of Food Industries

2. Trade: imports and exports

Imports

- Poland can be considered as a small-scale importer of natural colours, flavours and thickeners, accounting for 3% of total EU imports in 2005. In 2005, Polish imports amounted to € 52.8 million / 7.8 thousand tonnes. Since data from Eurostat are missing for 2001 and 2003, no conclusions can be drawn on trends in the period 2001 – 2005.
- In 2005, imports sourced in developing countries were almost negligible, accounting for only 8%. The leading developing country supplier was China, accounting for 4% of total imports, followed by India (3%) and Peru and the Philippines (both 1%).
- In 2005, Polish imports of natural colours, flavours and thickeners consisted of pectates, agar-agar, mucilages and thickeners (64%), natural colours (15%), essential oils (8%), flavours (7%), natural gums, resins and balsams (6%) and manioc starch (1%)

Exports

- Poland can be considered as a small-scale exporter of natural colours, flavours and thickeners, accounting for less than 1% of total EU export value in 2005. The same year, Polish exports amounted to € 4.9 million / 1.1 thousand tonnes.
- Since Eurostat data is lacking for the period 2001 – 2003 it is not possible to determine whether exports increased or decreased in the period 2001 – 2005.
- In 2005, Polish exports of natural colours, flavours and thickeners consisted of pectates, agar-agar, mucilages and thickeners (60%), natural colours (22%), essential oils (12%), natural gums, resins and balsams (6%), flavours (1%) and manioc starch (0%).

Opportunities and threats

- Industry sources indicate that it is possible that in the future industrial demand will increase if a multinational decides to open a production facility in Poland in their search for lower labour costs. However, there are currently no signs that this will happen in the near future.
- Poland is a small market and imports sourced in developing countries are negligible.
- In order to supply the Polish market, developing country exporters can supply multinational food ingredient companies which have production facilities in countries surrounding Poland, like Germany.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int

3. Trade structure

Poland is a relatively large market for consumer food products. However, the multinational processors of natural colours, flavours and thickeners have very few production facilities in Poland. They only have sales offices in Poland. The products sold by these sales offices are supplied by processing facilities in other countries. Smaller food manufacturers are supplied by local traders and agents.

- Jaskulski Aromaty (JAR) (http://www.jar.com.pl): producer of natural flavour and colours and supplier of agar-agar, carrageenan, gum Arabic, guar gum, pectin and essential oils.

- Barentz Sp. Z.o.o. (http://www.barentz.pl): supplier of natural gums, carrageenan and locust bean gum.
- Agro Food (http://www.aft.com.pl/): flavour manufacturer based in Poland.
- The following multinational food ingredient companies have sales offices in Poland: Givaudan, International Flavours and Fragrances, Sensient Food Colors, Firmenich, Symrise, Chr. Hansen, Dansico, Döhler ad CP Kelco.

Some Internet sources with more information on trade partners in Poland (importers, agents and processing industries) are the following:
- The Food World: http://www.thefoodworld.com
- IngrIDnet: http://www.ingridnet.com (for ingredient suppliers)
- Europages: http://www.europages.com (EU business directory)

4. Prices

- In general, prices for natural colours, flavours and thickeners are the same as in the rest of the EU.
- If any price differences exist, they are related to product origin and buyer preferences (quality demanded, order size etc.), and on negotiations with partner companies. Prices provided in the market survey covering the EU should be used as a reference point only.
- Prices for most natural colours, flavours and thickeners are decreasing in the long term. However, much of the price decrease is realized by less expensive processing. Prices of raw materials have decreased less, as they already became commodities decades ago.
- Seasonal price differences will remain common, due to the dependency of harvests on the weather.

For more detailed information on prices refer to the survey covering the EU or to:
- The Public Ledger (http://www.public-ledger.com): Prices for selected colours, flavours and thickeners
- MCX India (http://www.mcxindia.com/): Prices for menthol and guar
- Quarterly Review of Food Hydrocolloids: Prices for hydrocolloids

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information, go to 'Search CBI database' at http://www.cbi.nl/marketinfo

6. Business practices

For information on business practices in Poland, please refer to the following sources.

Trade Associations
- Polish Federation of Food Industry / Polska Federacja Producentów Zywnosci (PFPZ): http://www.pfpz.pl/index/

Trade press
- Poradnik Handlowca: http://www.poradnikhandlowca.com.pl/
- Przeglad Piekarski i Cukierniczy http://www.ppic.pl/

Trade fairs
- Polagra-food (largest food processing fair in Central and Eastern Europe): http://www.polagra-food.pl/en

- Extensive list of other trade fairs: http://www.eng.arr.gov.pl/printer.php?client=html&inoId=46

Other
A possible source for cultural specifics of Poland could be http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/index.html

This survey was compiled for CBI by ProFound - Advisers in development.

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