CBI MARKET SURVEY

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

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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 Slovenia. 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.eu/marketinfo.

1. Market description: industrial demand and production

Industrial demand

- Most of the large manufacturers of colours and flavours, using raw materials, are not known to have significant production facilities in Slovenia. One of the exceptions is ETOL, a large flavour house based in Slovenia, which sources its raw materials from the world market. Nevertheless, demand for raw materials is expected to be relatively small compared to other EU markets.

Production

- In 2002, a manufacturer of essential oils active in the Slovenian market (Ireks) started a pilot project to produce lavandin in nearby Croatia. Although it is still a small project, it indicates that there are possibilities for essential oil production in the region. The company Vitiva also produces some essential oils in Slovenia (http://www.vitiva.si/).
- Slovenian production of other raw materials for colours, flavours and thickeners is absent or negligible.

Trends

- Trends in Slovenia 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 a healthy lifestyle. Hence, more demand for healthy (organic) ingredients. Refer to the survey covering the EU for more detailed information. Note that these trends are less strong than in many of the West European countries.

Opportunities and threats

- There are indications that the Slovenian market for natural colours and flavours is growing.

Useful sources

- GZS (http://www.gzs.si/eng/): Chamber of Commerce and Industry

2. Trade: imports and exports

Imports

- Slovenia can be considered as a small-scale importer of natural colours, flavours and thickeners, accounting for less than 1% of total EU imports. In 2005, total imports amounted to € 4.8 million / 0.7 thousand tonnes. In the period 2001 – 2005, import value increased by 7% annually.

- Imports sourced in developing countries accounted for 7% of total imports in 2005. The leading developing country supplier was China, accounting for 2% of total imports, followed by Macedonia and Peru (both 1%).
- In 2005, Slovenia's imports of natural colours, flavours and thickeners consisted of essential oils (29%), natural colours (26%), pectates, agar-agar, mucilages and thickeners (21%), natural gums, resins and balsams (16%), flavours (8%) and manioc starch (0%).

Exports
- Slovenia 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, Slovenian exports amounted to € 1.7 million / 0.3 thousand tonnes.
- In the period 2001 – 2005, export value increased by 94%. In comparison, the export value for the EU as a whole decreased by 4% over the same period.
- In 2005, Slovenian export of natural colours, flavours and thickeners consisted of essential oils (37%), natural colours (35%), pectates, agar-agar, mucilages and thickeners (26%), natural gums, resins and balsams (1%), flavours (1%) and manioc starch (0%).

Opportunities and threats
- Although industrial demand and imports are increasing, Slovenia remains a small market.
- Moreover, 85% of its supplies comes from other EU countries. The trade structure as discussed in the next section indicates that developing country exporters of raw materials could supply the Slovenian market through ingredients manufacturers in other EU countries.

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

Slovenia is a relatively small market. In general, the multinational flavour houses and traders active in the EU market have not paid much attention to the Slovenian market. They only sell their products through sales offices in nearby countries, but also supply the Slovenian market through local distributors.
- ETOL (http://www.etol.si): Slovenian manufacturer of flavours.
- Sensient Food Colors Europe (http://www.sensient-fce.com): second largest producer of colours in the world and sixth largest flavour company. Has an office in Hungary (colours) which also covers Slovenia.
- Firmenich (http://www.firmenich.com): third largest flavour company in the world, headquarters in Switzerland, buying essential oils and other flavour ingredients. Uses Croation based agent Ireks aroma d.o.o. for distribution in Slovenia (http://www.ireks-aroma.hr).
- Chr. Hansen (http://www.chr-hansen.com/): largest producer of colours in the world, headquarters in Denmark, supplier of colours, flavours, cultures, enzymes and more. Has a sales office in Germany which also covers Slovenia.
- Döhler (http://www.doehler.com): German manufacturer of flavours and colours. Has a sales office in Austria which also covers the Slovenian market.

Some Internet sources with more information on trade partners in Slovenia (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.eu/marketinfo

6. Business practices

For information on business practices in Slovenia, please refer to the following sources.
Trade Associations
- Chamber of Commerce and Industry of Slovenia / Gospodarska Zbornica Slovenije (GZS): http://www.gzs.si/, Affiliate Food Industries Association of Slovenia: zivilska.ind@gzs.si

Trade press
- No trade press of interest was encountered in Slovenia

Trade fairs
- Narava – Zdravje: http://www.ljubljanafair.com/

Other
- A possible source for cultural specifics of Slovenia, please refer to http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/index.html

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