

CBI MARKET SURVEY

The market for natural ingredients for cosmetics in France**Publication date: October, 2009****Report summary**

This CBI market survey discusses, amongst others, the following highlights for the market for natural ingredients for cosmetics in France:

- Between 2006 and 2008, the French market for cosmetics and toiletry remained stable, with sales amounting to € 10.4 billion in 2008. Per capita consumption in 2008 was € 163. The volume of sales in cosmetics and toiletry is expected to increase modestly in the next few years.
- The demand for natural ingredients for cosmetics will continue to increase in France, due to a value growth of domestic consumption of cosmetics in the latter year and an increasing production of cosmetics products in France, partly intended for exports.
- As a major importer of natural ingredients, France is an interesting market. The imports of vegetable derived oils, fat and waxes increased by 15% annually, while raw plant material and essential oils and oleoresins both increased by 7.1% per annum. Vegetable saps and extracts and colouring matters increased by 6.3% and 3.3% per annum respectively.
- Imports of most product groups are increasing in terms of value.
- Except for colouring matter, the role of developing countries is considerable in France and exceeds the EU average, ranging from 15% for colorants to more than 66% for vegetable oils and fats. The French market is very interesting for developing country producers, especially for organically certified products.

This survey provides exporters of natural ingredients for cosmetics with sector-specific market information related to gaining access to France. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The market for natural ingredients for cosmetics 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

There is a general lack of information on the industrial demand for natural ingredients, as well as for general ingredient needs of the cosmetics industry. Therefore, sections on industrial demand will first discuss cosmetics consumption and natural cosmetics consumption, followed by a discussion on (natural) cosmetics production. The consumption and production of organic cosmetics will also be discussed. This discussion provides indicators for developments in, and the size of, industrial demand for natural ingredients for cosmetics.

Furthermore, wherever available, information on the market for specific ingredients is included. Qualitative data on organic ingredients for use in (organic) cosmetics have become increasingly important in many EU markets and are included if relevant. These ingredients have been certified according to organic standards, in contrast to natural ingredients which are not necessarily certified. Please refer to Appendix 1 of the EU survey for more specific information.

Industrial demand***Cosmetics consumption***

According to Colipa, the European Cosmetics, Toiletry and Perfumery Association, France is, with market share of a 15%, the second largest consumer of cosmetics products in the

European Union. The sales amounted to € 10.4 billion in 2008, which was an increase of 0.5% compared to 2007. According to Cosmetics Design, one of Europe’s leading cosmetics industry magazines, when only cosmetics and not toiletry is considered, France is the largest market in the EU (Cosmeticsdesign, 2007). In 2008, the French spent € 163 per capita on cosmetics, which means they have the fifth highest per capita consumption in the EU.

Decorative cosmetics led growth in France in 2008, with gains of 2.5%. Growth for skin care was 1.3%, while fragrances showed a minimal growth of 0.4%. Hair care and toiletries showed decreases of 1.2% and 0.2% respectively. The decrease in the hair care sector was mainly due to a drop in demand and price deflation. In response, cosmetics companies launched some new products aiming to bring more value to the hair care sector and meet (new) consumer demands through finer segmentation of products.

Table 1.1 French market for cosmetics and toiletries per product group in 2008 at retail sales prices (RSP), in million €, share and change 2008/2007 in %

Product group	Market value (€ million)	2008/2007 change (%)	Market share (%)
Fragrances/ Perfumes	1,859	0.4%	18%
Decorative cosmetics	1,208	2.5%	12%
Skin care	3,382	1.3%	32%
Hair care	1,817	-1.2%	17%
Toiletries	2,155	0.2%	21%
Total	10,421	0.5%	100%

Source: Colipa, 2009

The French cosmetics and toiletries market is often defined as ‘mature’, because of the high concentration and expertise of companies operating in the market. However, analysts within the industry predict positive trends for the next years, especially for natural and organic cosmetics, which should also lead to an increase in demand for natural ingredients. Regular cosmetics at present continue to show an upward trend, due to increasingly extensive product ranges. Moreover, looking at the number of product launches, the market in France is still being driven by innovation, as French consumers strive to get their hands on the most advanced and effective formulations. According to Austrade (2008), France has the highest proportion of premium product value sales in Western Europe. The volume of sales of premium products has reached an extremely high level which, however, has started to blur the distinction between mass and premium brands.

Natural cosmetics consumption

According to the Organic Monitor, one of the EU’s leading organic market research companies, the French market for natural cosmetics is the fastest growing in Europe, with sales increasing strongly in the last few years and valued by Organic Monitor (2008) at € 150 million in 2006. Note, though, that Germany is still leading in terms of sales. The French market is showing high growth, due to rising consumer awareness of chemicals in cosmetics & toiletries. Media reports and campaigns by pressure groups are publicising the health risks associated with chemicals in conventional products. The market is further pushed by fear of allergic properties of chemical products.

According to Organic Monitor, retailers are assigning more shelf space to natural cosmetics, which allowed cosmetics companies to greatly increase the availability of products. Combined with increasing demand, this allows for a period of sustained fast growth. This increase is expected to remain constant in the near future (Organic Monitor, 2008). According to industry sources, skin care is the segment where natural cosmetics products innovation is most dynamic. Product launches focus on anti-ageing (with a focus on functional ingredients), massage oils, and skin care products such as day and night creams. Natural colour make-up is also increasing in importance.

Cosmetics production

The consumption of cosmetics was discussed above. Although consumption is an indicator for the development of industrial demand, a discussion on the production of cosmetics is also necessary to determine the size and development of domestic demand, as cosmetics can also be imported.

France remains the main EU centre for fragrances and cosmetics development and production. The Cosmetic Valley network, a government sponsored institute supporting the cosmetics industry in the cosmetics cluster south-west of Paris, is a good example (<http://www.cosmetic-valley.com/en/territoire.php>). France is a very large fragrance producer and is therefore an important market for ingredients for this end-market, such as essential oils. The country also has one of the largest and most innovative cosmetics industries in the world. In fact, France produces 37% of cosmetics value in the EU, or €9.6 billion, more than twice as much as Germany, the second largest producer (Eurostat 2009). Between 2003 and 2007, production of cosmetics by France remained rather stable, with a slight decrease of 0.7% per year. The French cosmetics industry relies on the dynamism of foreign markets, as domestic sales are not showing exceptional growth. Moreover, cosmetics industries rely on the increasing interest in organic products. As an example, in 2007, a total of 260 organic and natural products was launched in the national market, in comparison to a combined 75 in the UK and Germany. However, Germany remains stronger in terms of sales.

Natural cosmetics are increasingly important, especially in the market of anti-ageing creams. The French company Alban Muller, for example, recently invested considerable resources in research and development of anti-wrinkle products, based on natural ingredients. In July 2008, the company launched 29 new active ingredients based on fruits and flower extracts which contain high levels of vitamin C.

L'Oréal is France's leading cosmetics and toiletries company with a variety of national brands. By taking over UK retailer The Body Shop and Sanoflore, L'Oréal expanded its share on the natural cosmetics market. Through Sanoflore, the company is developing a natural mega-brand able to compete with the market leader Weleda and counter the entry of other, mostly American, players on the European market. Next to the companies shown in Section 2, many foreign companies, such as Unilever and Beiersdorf, also have production facilities in France.

Next to the growth in the domestic market, France is also seen by foreign cosmetics producers as the best route into the growing European natural cosmetics market. In order to benefit from this, foreign investors are investing in production and research facilities (Cosmetics design, 2007). According to industry sources, the production of natural cosmetics in France is increasing for the domestic market, but also through a large demand from abroad. This development is expected to make the French natural cosmetics industry increasingly important. It will also offer increasing opportunities to natural ingredients suppliers in developing countries targeting the French market.

Industrial demand for natural ingredients for cosmetics

Cosmetics consumption and production were discussed above, because they are important indicators of the industrial demand for natural ingredients for cosmetics as is discussed in this section. According to industry sources, the market for natural ingredients will continue to grow, as cosmetics production, and especially natural and organic cosmetics production, will continue to increase. This is also visible through the increasing number of companies registering for Ecocert certification and a very large increase in the number of natural ingredients registered by Ecocert (Ecocert, 2008).

An increasing demand exists especially for products which cannot be produced in France, such as vanilla, and particularly organic products. French production is highly competitive for many other ingredients. For example, according to industry sources, there is a strong demand for lavender oil and lavendine, but this remains largely a domestic industry. However, the growing

demand for natural, and especially organic, ingredients is leading to shortages of organic ingredients. This can offer opportunities for developing country producers.

It is also important to consider that (also conventional) French cosmetics companies are increasingly trying to appear 'environmentally friendly' to the consumers, as a strategy to target these increasingly interesting market niches. According to Austrade (2008) the industry is continually looking for new ways to make their products 'green' by promoting recycling, biodegradable products and packaging, and replacing harmful ingredients with natural and organic ones. French consumers, in fact, are becoming more 'ethically conscious' and prefer to purchase products from companies which have a higher sense of corporate responsibility.

Regarding specific product groups, table 1.2 provides an overview of the vegetable oils consumed in France, used by the cosmetics industry and which are mostly produced in developing countries. In the period between 2004 and 2007, industrial demand for vegetable oils increased by 8.9%. In the latter year, France's total industrial demand amounted to just over 2 million tonnes. During the period reviewed, industrial demand for groundnut oil increased by 6.9% per year, palm oil by 6.5% annually. Annual decreases were noted by palm kernel oil (4.9%) and castor oil (2.3%). The consumption of other oils shows a large increase resulting in overall growth. Please note that only a small part of these oils, mostly in refined form, goes to the cosmetics industry. Moreover, especially palm oil and palm kernel oil are bulk products, of which only a small part ends up in cosmetics. Because of these large volumes, they are very difficult markets for smaller producers to enter.

According to industry sources, much interest exists within vegetable fats and oils for specialty oils, such as for shea butter and argan oil. The demand for natural ingredients is to a large extent propelled by shampoo production, where the percentage of natural ingredients is increasing rapidly. Increasing interest for (tropical) natural vegetable fats and oils also stems from skin care products and massage oils.

Table 1.2 French industrial demand for vegetable oils, 2004-2007, in 1,000 tonnes

Product	2004	2005	2006	2007	Annual change (%)
Groundnut oil ¹	27	36	31	33	6.9%
Castor oil	44	67	38	41	-2.3%
Palm kernel oil	23	21	18	19	-6.2%
Palm oil	251	305	335	303	6.5%
Other	1,205	1,270	1,466	1,605	10%
Total oils	1,550	1,699	1,888	2,001	8.9%

Source: Fediol, 2009

¹The use of groundnut oil in cosmetics is decreasing, due to its allergic properties.

No quantitative information on the market for raw plant material, vegetable saps and extracts or essential oils is available. However, being the world's leading producer of cosmetics products (i.e. fragrances and a leading producer of many others), it is expected that the French market for these products is large. Although this demand will partly be supplied by traders in other EU countries, notably Germany, France also has a considerable number of traders and extractors. These will demand natural ingredients, especially semi-processed or raw materials. The same holds for natural colorants, as France is the second largest producer of colouring cosmetics, behind Italy.

France is especially of importance for essential oils, of which it is also a major producer/processing country. Products of special interest in France are those showing dedication to biodiversity and sustainable development (Cosmetics Design, 2007). In general, the demand for essential oils is growing fast. Products for which demand is increasing are lavender oil, lemon oil, orange oil, patchouli oil, bergamot oil and geranium oil. Main suppliers are France itself, Italy, South America, South Africa, Indonesia and India. Certification by Ecocert, the main French certifier, is very important in the French market.

Trends

Due to the economic downturn as from 2008, it was a difficult year for the French cosmetics and toiletries market. Premium products were in particular affected, but managed to sustain positive current value growth, even though at a much lower level than the review period average. Consumers limiting their expenditure caused an increase in demand for mass cosmetics and toiletries. Increasing sophistication of the private label indicated a further boost for mass cosmetics and toiletries (Euromonitor, 2009). The slowdown is expected to continue in 2009, but with a growth in value terms of about 1.5% as the economy recovers during the second half of the year (Cosmetics Business, 2009).

Growth in sales of organic products increased strongly in 2008. The development of organic products developed in almost all cosmetics and toiletries sectors. A key element of the trend was the appearance of organic variants of mass and mainstream brands. Organic products were successfully marketed through supermarkets and beauty specialist retailers. As a clear example, retailer Carrefour launched its own organic private label range, indicating a strong and increasing demand for organic products at the right price, even during harsh economic times (Euromonitor, 2009).

The products in the market which currently have the highest growth potential are skin care, depilatories and sun care. In particular, the development of cosmetics and toiletries designed for men is an emerging product group in France. The popularity of men's lifestyle magazines continues to boost consumers' emphasis on appearance. The growing number of 'baby boomers' also remains a priority target, as they are keen to maintain a youthful look and have a high disposable income within this target group. On the contrary, the market for shampoo, deodorants and fragrances is approaching maturity. However, for the present, it continues to have a small positive growth, due to increasingly extensive product ranges, supported by strong research and development programmes (Austrade, 2008). Colipa (2009) indicated a decrease in demand of hair care products.

According to industry sources, due to increasing production of (natural) cosmetics products in France, as described in the previous section, the industrial demand for natural ingredients for cosmetics will also increase in France, especially for functional natural ingredients. For further trends, please refer to the survey covering the EU market.

Market segmentation

The market for natural ingredients can be segmented at different levels. Firstly, the market for natural cosmetics ingredients can be divided into a segment for the processing industry and one for the end-product manufacturers (cosmetics companies). France has both a large processing industry, and a very large cosmetics industry. In processing, herbal extraction houses, milling operations, essential oil distillers, farms, nut and seed oil producers and wholesale distributors with value-adding capabilities all play an important role. This segment can be supplied either with raw or semi-processed materials. For the latter segment, quality demands and the level of processing demanded are very high. However, for an increasing range of countries this is becoming feasible, provided that sufficient human and financial capital is available. In France, essential oil distillers and fragrance houses are of relatively minor importance.

Furthermore, ingredients can be either organic or conventional. The quantities demanded are often more limited for the organic trade, which can be interesting for smaller producers. Moreover, marketing products, for example 'organics', offer producers a premium on their products.

Production

France has a substantial production of natural ingredients. French production of vegetable oils amounted to 1.5 million tonnes in 2007. In the period between 2005 and 2007, production increased by 2.3% (Fediol, 2009). Rape oil accounts for 64% of the French oil production and sun flower oil for 29%. These are both products which are not (or very limited) used in

cosmetic products. As Fediol records no production of crude vegetable oils and fats which are used in cosmetics, the country is dependent on imports. As many oils and fats used in cosmetic products are imported from developing countries, this offers opportunities for producers in these countries. See chapter 3 for data on imports of oils and fats used in cosmetics.

According to the European herb growers association (EHGA Europam), France has a sizeable production of herbs used in cosmetics. The herbs produced in France are Lavender, Clary sage, Maidenhair tree, Blackcurrant, Coriander, Basil, Peppermint, English (Roman) Chamomile, Rosemary, Globe artichoke, chamomile, spearmint, angelica, dog rose, bergamot, hemp and lemon balm. Next to cultivation, lavender, sage and black currant are wild-collected. Further examples of perfume plants, which are picked or gathered, are Mimosa, Labdaniferous cistus, Narcissus, Cypress, Blackcurrant buds and tree mosses.

Moreover, the country also has a substantial number of companies focusing on the further processing of these (and imported raw materials) into plant extracts and essential oils, some of which are mentioned in section 2 of this survey. No quantitative information is available on the production of essential oils or saps and extracts.

Apart from medicinal and aromatic plants, France also produces large quantities of seaweed and algae. A leading company is Lessonia (<http://www.lessonia.com>). Most marine ingredients, such as seaweed and marine plants, are obtained from the coastal area of France. The crops are processed mainly in powder and utilised in essential oils which are later supplied to the cosmetics market. The properties companies look for are, for example, slimming action and anti-inflammatory. Some products are also used for aroma therapy.

France also has a number of companies focusing on natural colorants, such as Naturex (<http://www.naturex.com>) and Dynadis (<http://www.dynadis.com>).

Major players

The major French cosmetics companies are shown in section 2 of this survey. Furthermore, France has a large processing sector for natural ingredients. Production of essential oils and their further processing by fragrance houses are of great importance in France. On the one hand, these companies can be competitors to developing country producers. However, on the other hand, they can be important buyers of products from exporters in developing countries or partners in product development.

For contact information on companies, as well as companies from other trade channels, such as raw ingredients traders and processors, please refer to section 2 of this survey. Furthermore, starting from page 48 in the IENICA 2001 report, lists are provided of companies active in the botanical industry and the vegetable oil industry.

Trends

According to industry sources, the production of natural ingredients in France is stable. Essential oils, the most important product group for France showed a similar trend in the past few years.

For general trends on EU industrial demand and production, please refer to the trend sections of the corresponding chapters in the survey covering the EU.

Opportunities and threats

- + Because of the increasing popularity of organic cosmetics in France, organic certification of ingredients provides a good opportunity for producers in developing countries.
- + According to industry sources, there are very good opportunities for developing countries in the market, especially for (organic) products, which cannot be grown in France. France has an especially large demand for essential oils. In general, demand for natural

- ingredients, especially organic ingredients, is increasing across the board. Interest exists particularly for functional ingredients.
- The French market for other products will be difficult to enter, due to the strong local production. This includes raw plant material and extracts as well as essential oils which can be produced in France, such as lavender.
 - +/- Furthermore, the increasing quality demands and demands for fractions or further processed ingredients will present difficulties to developing country exporters who are not able to meet these standards. Opportunities could then exist in supplying French processors with raw materials or semi-processed products.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The market natural ingredients for cosmetics in the EU' presents an example of an analysis of whether a trend / development is an opportunity or a threat.

Useful sources

- Ecocert (<http://www.ecocert.fr>) provides information, in French, on organic certification. The company also offers information, in French, on the French natural and organic cosmetics industry (<http://www.ecocert.fr/-Cosmetiques-.html>).
- EHGA Europam (<http://www.europam.net>) offers information on the cultivation of herbs in France.
- Information on vegetable oil production and industrial demand in Europe can be found on the Fediol website (<http://www.fediol.org>).
- Organizations mentioned in section 6 can also serve as information sources. Especially Onippam offers interesting information on local production and the French market for medicinal and aromatic plants.
- On the website - <http://produits-beaute.com/grandes-marques> the 74 largest cosmetics brands in France are listed, together with their contact information.

Furthermore, interesting sources can also be obtained from the CBI survey covering the EU.

2 Trade channels for market entry

Trade channels

In general, the same trade channels apply to France as to the rest of the EU. The traditional approach of contacting traders, intermediate processing companies such as fragrance houses, refining companies and extractors, agents or wholesalers (either with or without processing capacity, dependent on the product) remains the most effective method. In France, extractors and fragrance houses are of particular importance, due to the predominance of the essential oil trade.

Natural ingredients manufacturers mainly work with wholesalers and other traders to obtain their raw or semi-processed material. These producers themselves work with a number of distributors representing these ingredient suppliers/manufacturers at the cosmetics producer level. It is useful to investigate which suppliers/producers supply these distributors, in order to establish a trade relation. Internet research and trade fair visits facilitate this.

However, some end-industries can also be approached, as they too import directly from developing countries. This is particularly the case for specialist niche players, such as natural or organic producers, which are listed below. Please keep in mind that end-industries are often not keen on adding to their supplier list and are therefore far more difficult to establish business relations with than traders, wholesalers etc.

Regarding processing, it should be stated that, for certain ingredients, value addition takes place in the EU (e.g. vegetable oils where manufacturers generally prefer to use refined oils). Refining oils outside the EU is economically challenging. On the other hand, essential oils need little or no further processing (examples of processing include breaking down into smaller

units), re-packing and labelling. However, EU buyers are also increasingly looking for fractions of essential oils, in which the required properties are isolated. Regarding plants extracts, although extraction can take place in Europe, the higher value of the goods may make extraction outside the EU more economically feasible. Supply scenarios like this also determine the trade structure. For example, manufacturers do not want to buy one container of unrefined vegetable oil – they might want 200 kg refined each week. However, here the quality demands and the level of processing are such that supplying EU users of saps and extracts can be challenging for many developing country producers.

For general information on trade structure, please refer to the survey covering the EU, in which specific approaches for new ingredients are also included. Below, we give a list of the most important cosmetics companies, as well as interesting companies focusing on natural cosmetics production, ingredients processing or production and ingredients trade.

Leading cosmetics companies	
• L'Oreal Group	http://www.loreal.com one of the world's leading cosmetics company, also local sourcing in developing countries
• LVMH	http://www.lvmh.com
• Chanel	http://www.chanel.com
• PPR	http://www.ppr.com product range covers more than cosmetics
• Group Pierre Fabre	http://www.pierre-fabre.com research focuses on dermo-cosmetics. Also local sourcing in developing countries
• Sisley	http://www.sisley.com
• Ales Groupe	http://www.alesgroupe.com specialised in hair care and dermo-cosmetics products
• Eugene Perma Group	http://www.eugeneperma.com
• Combe Inc.	http://www.combe.com
• Laboratoires Sarbec	http://www.sarbec.com
• Group Guinot	http://www.guinot.com
• Hermes International	http://www.hermes.com
• Bioderma	http://www.bioderma.com
Companies focusing on natural products	
• Agipal	http://www.agipal.com essential oil extractor and trader
• Ales Group	http://www.alesgroupe.com natural cosmetics producer, focusing on functional natural ingredients
• Bertin	http://www.huiles-bertin.com
• Biolandes	http://www.biolandes.com processor of aromatic plant extracts and active botanical extracts
• Créations Couleurs	www.creationscouleurs.com manufacturer of specialities for (colour) cosmetics and colourants
• Expanscience SA	http://www.expanscience.fr cosmeceuticals and active ingredients for cosmetics
• Yves Rocher	http://www.yves-rocher.com specialised in natural, finished products
• Alban Muller International	http://www.albanmuller.com research and formulation of natural products and production of cosmetics ingredients
• Dynadis	http://www.dynadis.com trader of natural raw materials
• Doux Me	http://www.douxme.com modern bio cosmetics, also organic
• Lessonia	http://www.lessonia.com
• Fytosan	http://www.fytosan.com trade and processing of ingredients, mainly essential oils
• Gattefossé SA	http://www.gattefosse.com producing functional ingredients and plant extracts
• Greentech	http://www.greentech.fr seaweeds and algae actives and extracts
• Lessonia	http://www.lessonia.com processor of seaweed and algae
• L'Herbier du Diois	http://www.herbier-du-diois.com trade and production, organic herbs and essential oils
• L'Occitane	http://www.loccitane.com natural premium cosmetics, large number of ingredients used can be found on the UK and French websites; also local sourcing in developing countries
• Sederma	http://www.sederma.fr extractor

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| • Sirh | http://www.sirh.fr producer and trader in vegetable oils and marine-based oils |
| • Naturex | http://www.naturex.com production vegetable saps and extracts |
| • Groupe Clarins | http://www.clarins.com uses solely plant-based ingredients in their finished products |
| • Soetenaey | http://www.soetenaey.com EU leading supplier of (specialty) vegetable oils for the cosmetics market; trade and production/processing; provides informative overview of its main oils |
| • Starlight Products | http://www.starlightproducts.com firm dedicated to the supply of raw materials: water-soluble gums, resins, waxes. Subsidiary of CNI, a large gums processor. |
| • Solabia Group | http://www.solabia.com develops and manufactures molecules and active ingredients for the cosmetic, pharmaceutical and nutraceutical industries. |

Sources: Euromonitor, ProFound's and consultants' sources

Trends

- The cosmetics sector is consolidating. The cosmetic companies which emerge from this development are larger and have greater market power, demanding additional services along with supply, as well as exerting price pressure on their suppliers. On the other hand, traceability and ongoing innovation in new natural ingredients and cosmetics products are increasingly necessary to remain competitive.
- Small players are still important, especially in niches such as natural and organic cosmetics, often sourcing from specialised processors or traders and sometimes engaging in direct sourcing.
- Several conventional multinationals have also (re-)entered the organic and natural ingredient markets.
- International companies see France as a good entry point for the European natural cosmetics market and are investing in research and production facilities.

For further trends, please refer to the survey covering the EU market.

Price structure

Different prices and margins apply throughout the various trade channels. In general, margins in France follow EU levels and trends. Prices paid for materials increase significantly along the value chain. However, the market is not transparent at the different levels and therefore it is not possible to provide margins. Moreover, the margins differ widely between the different product groups.

Following consolidation and internationalisation in the cosmetics, the natural cosmetics and the natural ingredients industry, prices and margins are under pressure.

Selecting a suitable trading partner

Finding a trade partner in France should not deviate from the general EU method as described in the Export Guidelines for exporting natural ingredients for cosmetics to the EU. French importers search for new suppliers in developing countries by visiting the country of interest, through recommendations, and a limited number also through trade fairs. The most common ways for developing country exporters to approach French customers are through direct (e)mail, personal visits (as follow-up), inviting potential French customers to visit them in their country, building your network and visiting international trade fairs. However, trade fairs in France play a smaller role than in some other EU countries.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage, the kind of trade relation the partner is interested in, the position of the partner and financial status and credibility.

Useful sources

For general information, please refer to Chapter 3 of the survey covering the EU.

- Besides Internet sites of respective companies, the cosmetics suppliers' guide (<http://www.cosmeticsbusiness.com>) and Europages (<http://www.europages.com>) are good sources for finding contact details and information on French companies.
- Ingridnet (<http://www.ingridnet.com>) has a large database of ingredient suppliers and is used by the food, cosmetics and pharmaceutical industries to source ingredients.
- The CTFA International Buyers Guide (<http://www.ctfa-buyersguide.org>) offers a specific site for cosmetics ingredients, including a trade leads section.
- Ecocert has an extensive list of organics producers, ingredient producers and traders in France, but also in other countries in the EU (<http://www.ecocert.fr>).

3 Trade: imports and exports

Imports

This section discusses France's imports and exports of natural ingredients. Please note that this data can also include natural ingredients which have been refined with the use of chemicals. Although these are not natural according to the definition used in this survey (see Appendix 1 of the EU survey) Eurostat does not distinguish them in trade data.

Total imports

France is a leading importer of natural ingredients for cosmetics in the EU. The country has the leading position in the imports of essential oils and oleoresins, although imports decreased in terms of volume between 2003 and 2007. Regarding vegetable oils, fats and waxes, France is (after Germany and The Netherlands) the third largest European importer. Regarding the other product groups, France is the second largest importer after Germany. Imports of the five product groups of natural ingredients increased in terms of value from 2003 and 2007. However, imports of essential oils and oleoresins, raw plant material and colouring matter slightly decreased in terms of volume, indicating higher prices.

Imports by product group

France is the third largest importer of vegetable oils, fats and waxes in the EU. In 2008, imports totalled € 619 million / 347 thousand tonnes, which was an average annual increase in value of 15% during the review period. France was the biggest European importer regarding peanut oil in 2008. Between 2004 and 2008, imports showed an average annual decrease of 7.9% amounting to € 63 million / 44 thousand tonnes. France is also the largest European importer of fixed vegetable oils and fats. Imports of the latter product were growing on average by 20% per year amounting to € 184 million / 149 thousand tonnes. France is the second largest EU importer of waxes. During the review period, imports of waxes showed an average annual increase of 9.6% per year amounting to € 9.4 million / 2.4 thousand tonnes in 2008. France is the fourth largest EU importer of cocoa butter and fats, of which imports increased strongly during the review period, by 15% annually. In 2008, imports of the latter product amounted to € 287 million / 69 thousand tonnes in 2008. Regarding coconut, palm kernel and babassu oils, France was the sixth largest EU importer with imports amounting to € 75 million / 82 thousand tonnes in 2008. Between 2004 and 2008, imports increased by 11% annually. It is interesting to note that developing country suppliers of vegetable oils, fats and waxes play a leading role in fresh imports to France. Moreover, imports sourced in developing countries increased by 15% annually between 2004 and 2008.

France is the second largest importer of vegetable saps and extracts in the EU. Between 2004 and 2008, french imports increased by 6.3% annually, totalling € 211 million / 62 thousand tonnes in 2008. In 2008, developing country suppliers of vegetable saps and extracts accounted for 41% of total imports to France. The most important developing country suppliers of vegetable saps and extracts were Sudan, Morocco and Chad. Between 2004 and 2008, imports of vegetable saps and extracts increased by 7.3% annually. France was the largest importer of natural gums, resins, gum-resins and balsams in the EU, accounting for 22% of total imports in 2008. France is the second largest importer of other vegetable saps

and extracts in the EU, following Germany at distance. France was responsible for 13% of imports of other vegetable sap and extracts. During the review period, imports of the latter product to France increased by 8.1% annually.

France is the largest importer of essential oils and oleoresins in the EU. Imports amounted to € 211 million / 8.1 thousand tonnes in 2008, signifying an annual increase of 7.1% during the review period. There are wide differences within imports of essential oils' products. Between 2004 and 2008, there was a considerable increase in imports of orange oil (+12%), lemon oil (+13%), other citrus oil (+34%), other essential oils (+8.0%) and peppermint (+3.5%), whereas a considerable decrease was recorded for other mints (-4.0%). During the review period, resinoids and extracted oleoresins remained stable. India and Indonesia were the largest developing country suppliers of essential oils and oleoresins. Imports from these countries increased by 8.1% and 14% per annum respectively between 2004 and 2008. Among developing countries, Haiti and Comores increased their exports to France by 26% and 27% per annum respectively in the period analysed.

Table 3.1 Imports by and leading suppliers of ingredients for cosmetics to France (share in % of value, 2008)

Product	Total 2004 € mln	Total 2006 € mln	Total 2008 € mln	Leading suppliers in 2008 (Share in %)	Share %
Vegetable oils, fats & waxes	120	150	198	Intra-EU: The Netherlands (13%), Belgium (6.2%), Spain (5.7%), Germany (4.6%), Italy (1.6%)	32%
	6.0	7.5	5.9	Extra-EU excl DC*: French Polynesia (0.6%), USA (0.6%)	1.7%
	232	240	410	DC*: India (17%), Indonesia (8.3%), Ivory Coast (7.3%), Malaysia (7.2%), China (5.5%), Argentina (4.3%), Philippines (3.5%), Thailand (2.2%), Peru (2.0%), Senegal (1.8%)	66%
Vegetable saps & extracts	85	84	104	Intra-EU: Italy (14%), Germany (13%), Spain (4.2%), Belgium (3.5%), The Netherlands (3.4%)	49%
	14	17	20	Extra-EU excl DC*: USA (5.0%), Switzerland (1.7%), Japan (1.3%), South Korea (0.8%), New Zealand (0.2%)	9.3%
	66	68	88	DC*: Sudan (12%), Morocco (6.3%), Chad (5.3%), Indonesia (3.4%), China (2.7%), India (2.4%), Philippines (2.3%), Nigeria (1.1%), Iran (1.1%), Senegal (0.8%)	41%
Essential oils & oleoresins	59	65	68	Intra-EU: Ireland (9.2%), Italy (6.9%), Spain (4.0%), Germany (2.9%), United Kingdom (2.8%)	32%
	20	21	35	Extra-EU excl DC*: Switzerland (9.3%), USA (4.8%), Canada (0.4%), U.A.E. (0.4%), Australia (0.4%)	16%
	81	87	109	DC*: India (7.6%), Indonesia (6.6%), China (5.9%), Morocco (5.8%), Turkey (4.1%), Haiti (3.3%), Egypt (3.0%), Comoros (2.8%), Tunisia (2.7%), Madagascar (2.4%)	51%

Product	Total 2004 € mln	Total 2006 € mln	Total 2008 € mln	Leading suppliers in 2008 (Share in %)	Share %
Raw plant material	27	33	36	Intra-EU: United Kingdom (9.8%), Belgium (6.3%), Italy (6.0%), Germany (5.8%), Spain (5.3%)	43%
	4.4	3.8	6.0	Extra-EU excl DC*: USA (1.5%), Israel (1.4%), South Korea (1.2%), Japan (1.1%), Canada (0.6%)	7.1%
	32	35	42	DC*: Morocco (7.6%), China (7.4%), Chile (6.6%), Philippines (5.4%), India (3.1%), Indonesia (2.8%), Turkey (2.1%), Tunisia (1.7%), Brazil (1.6%), Madagascar (1.4%)	50%
Colouring matter	13	15	17	Intra-EU: Germany (16%), the Netherlands (12%), Denmark (11%), United Kingdom (7.4%), Spain (5.3%)	59%
	8.4	6.4	7.4	Extra-EU excl DC*: USA (26%)	26%
	4.0	4.2	4.4	DC*: Peru (7.1%), China (5.0%), India (2.4%), Malaysia (0.4%)	15%

Source: Eurostat (2009)

*DCs: Developing countries

France is the second largest importer of raw plant material in the EU. In 2008, France was responsible for 16% of total EU imports, amounting to € 84 million / 37 thousand tonnes, an average annual increase of 7.1% between 2004 and 2008. In the same period, France increased its imports from developing country suppliers by 7.0% annually. The most important DC suppliers were Morocco and China, accounting for respective 7.6% and 7.4% of total imports by France. In contrast, the Philippines decreased considerably in importance. Between 2004 and 2008, French imports of medicinal and aromatic plants increased by 7.2%, amounting to € 64 million / 19 thousand tonnes in the latter year. During the review period, imports of seaweed and algae increased by 6.6% annually in terms of value, amounting to € 20 million / 19 thousand tonnes.

Between 2004 and 2008, French imports of colouring matters increased by 3.3% annually, totalling € 29 million / 2.5 thousand tonnes in the latter year. France is the third largest importer of colouring matter in the EU. The country is responsible for 12% of total EU imports. Developing country suppliers account for 15% of total French imports of colouring matter. Peru is the main developing country supplier of colouring matter to France.

Exports

In 2008, France was the second largest exporter of vegetable oils, fats and waxes in the EU, trailing The Netherlands. French exports of vegetable oils, fats and waxes increased considerably, by 12% annually, amounting to € 426 million / 187 thousand tonnes in 2008. Between 2004 and 2008, exports of cocoa butter (the largest export product within vegetable oils), increased by 13%, and accounting for 21% of total EU exports.

France was the fourth largest exporter of vegetable saps and extracts in the EU. In 2008, France accounted for 11% of total EU exports, totalling € 142 million / 37 thousand tonnes in 2008. The most important export markets for the country were Germany and the USA.

France is the main trader of essential oils in the EU, which is reflected in high exports of this product group, amounting to € 198 million / 6.0 thousand tonnes in 2008. Exports increased by 3.2% annually between 2004 and 2008. During the review period, exports of resinoids, peppermint and other mints decreased by 5.2%, 14% and 13% per annum respectively. Other products, like extracted oleoresins (+5.4%) and lemon oil (+52%), orange oil (+15%) increased during the same period.

France was the third largest exporter of raw plant materials in the EU in 2008. Between 2004 and 2008, France was responsible for 13% of total EU exports of raw plant materials, amounting to € 46 million / 10 thousand tonnes in the latter year. Exports of raw plant material by France decreased by 4.9% annually during the review period. France is the largest exporter of seaweed and algae in the EU, related to its substantial production of seaweed. The country is responsible for 26% of total EU exports, totalling € 9.1 million / 3.6 thousand tonnes in 2008.

France is the seventh largest exporter of colouring matter in the EU, totalling € 24 million / 4.0 thousand tonnes in 2008. However between 2004 and 2008, as one of the few EU countries, French exports decreased considerably, by 5.2% annually. The country is now responsible for 8.4% of total EU exports of colouring matter. The two most important export markets for France are The Netherlands and Italy.

Opportunities and threats

- + In the last few years, French imports of natural ingredients increased for all product groups, making the country an interesting market for natural ingredients in general. During the review period, all product groups increased in terms of value, while increasing only slowly, or even decreasing, in terms of volume. These developments indicate an increase in price over the last few years.
- + France is a very interesting market for developing country suppliers. Imports from developing countries have a strong position in the country's natural ingredients trade, except for colouring matter.
- + Opportunities could, in particular, exist for developing country exporters of vegetable oils, fats and waxes. DC suppliers account for two-thirds of French imports of this product group.
- + Another interesting product group for exporters is essential oils and oleoresins, for which France is the leading EU importer. The latter product group represents an opportunity for exporters in DCs. The large volume can be related to the high number of fragrance houses in France, which apply essential oils in the production of perfumes and other cosmetic product.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The market for natural ingredients for cosmetics in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- EU Expanding Exports Helpdesk
→ <http://exporthelp.europa.eu>
→ go to: trade statistics
- Eurostat – official statistical office of the EU
→ <http://epp.eurostat.ec.europa.eu>;
→ go to 'themes' on the left side of the home page
→ go to 'external trade'
→ go to 'data – full view'
→ go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to easy Comext
→
http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Regarding prices of ingredients, please refer to the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in France. Global market prices

exist for several products discussed in this survey, such as for palm oil. The Public Ledger offers weekly price information. No price information is available for many other products. Actual prices are dependent on negotiation with the companies. Prices differ widely between product groups, and within product groups. They relate to the type of product, the quality, buyer requirements, additional services etc. Furthermore, organic or Fair-Trade certification and (for some products) wild collection/cultivation can have an influence on the price, with organically certified and wild-collected products being sold at premium prices.

It is important that exporters have detailed production costs/volume price breaks for the ingredients they supply. This will give them a solid reference point for any negotiations with buyers. When establishing an overseas price for products, exporters should take several factors into consideration, such as competition; costs incurred with production, packaging, transportation and handling, promotion and selling expenses; the demand for product or service and the maximum price which the market is willing to pay. Conformity to market prices depends on the product's novelty. How an exporter prices his product demands a good deal of thought and effort, since it directly affects your ability to make a profit.

Useful sources

Interesting sources of price information are:

- The Public Ledger - <http://www.agra-net.com/portal> - at the left side of the screen you will find a link to The Public Ledger)
- ITC market news service - <http://www.intracen.org>

5 Market access requirements

As a manufacturer/suppliers in a developing country preparing to access France, you should be aware of the market access requirements of your trading partners and the French 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. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select natural ingredients for cosmetics and France in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>.

Information on tariffs quota can be found at <http://exporthelp.europa.eu>. No quotas apply to the products included in this survey.

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

Sales promotion

Sales promotion in France should not deviate from the general EU method as described in the Export Guidelines for exporting natural ingredients for cosmetics to the EU. In Section 2, the importance of networks, trade fairs and company visits was expressed in promoting your company and finding trade partners. Trade fairs also offer valuable information on trends, your

competitors and the products and services they offer, etc. Furthermore, the importance of trade press should not be underestimated, both as a source of information on trends, companies etc. and a means of promoting your company and your products.

Exporters should realise that the Internet is an important tool in sourcing raw materials for herbal products. A number of users/traders of natural ingredients stated that they use the Internet in order to find new suppliers. Having a clear and inviting website is therefore essential.

It is preferable that export/sales personnel of your company are capable of speaking French, as this will be highly appreciated by many French importers. In general, good care should be taken of existing contacts, applying prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

In the case of ingredients for cosmetics, many French importers are not in favour of trade fairs as a means to promote suppliers in developing countries. However, visiting or even participating in one can be an efficient tool for communicating with prospective customers. It can also be a valuable source of information on market developments, production techniques and interesting varieties.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the cosmetics, natural cosmetics and natural ingredients sectors.

- French **trade associations** which could be of interest are FIP.; Fédération des Industries de la Parfumerie (<http://www.fipar.com>) (in French) and CFPB; Comité Français des Produits de Beauté (<http://produits-beaute.com>) (in French) and the French National Inter-professional Office for Medicinal and Aromatic Plants (<http://www.onippam.fr>).
- Important **trade fairs** are In-Cosmetics 2010 in Paris (<http://www.in-cosmetics.com>) and Salon beyond Beauty, Paris (<http://www.beyondbeautyparis.com>).
- Interesting **trade press** is Parfums Cosmétiques Actualités (<http://www.cosmedias.fr>) and Cosmétique Magazine, a trade magazine for the total cosmetics and health sector (<http://www.cosmetiquemagazine.fr>) (in French).

Internet provides many sources on business practices and culture, such as <http://www.communicaid.com/france-business-culture.asp>. Please keep in mind that the above concerns general remarks. Therefore when conducting business, use your intuition and understanding attitude.

This survey was compiled for CBI by ProFound – Advisers in Development
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