

CBI MARKET SURVEY

The market for natural ingredients for cosmetics in Poland**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 Poland:

- The Polish market for cosmetics and toiletry increased by 14% in 2008 with sales amounting to € 2.6 billion in 2008. Per capita consumption in 2008 was € 68.
- Poland is the seventh largest market in the EU for cosmetics, and the market is still growing fast. Although growing rapidly, organic cosmetics still represent a very small market.
- As a major importer of natural ingredients, Poland is an interesting market. Between 2004 and 2008, Polish imports of all product groups increased in terms of value. During the review period, imports of vegetable derived oils, fat and waxes increased by 18% annually, vegetable saps and extracts by 15% and essential oils and oleoresins by 26% per annum. Raw plant materials and coloring matter increased by 19% and 1.0% per annum respectively.
- The importance of developing countries on the Polish natural ingredients market remains limited. Developing country suppliers have significant share only in the Polish imports of raw plant material.

This survey provides exporters of natural ingredients for cosmetics with sector-specific market information related to gaining access to Poland. 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: consumption 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, where 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 the European Cosmetics, Toiletry and Perfumery Association (Colipa), Poland is the biggest market in Eastern Europe, with sales of € 2.6 billion (3.9% of the EU market) in 2008. The Polish cosmetics market also grew very rapidly by 14% between 2007 and 2008. This makes Poland the 7th largest EU market, above Belgium and just below The Netherlands (Colipa, 2009). In 2008, the per capita consumption of cosmetics was € 68 which is below the

EU average of €115. However, Polish people are earning more and are spending more on cosmetics.

Table 1.1 Polish 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	465	15%	18%
Decorative cosmetics	305	13%	12%
Skin care	569	18%	22%
Hair care	585	18%	22%
Toiletries	686	6.3%	26%
Total	2,609	14%	100%

Source: Colipa, 2009

As can be seen in table 1.1, the biggest product group in Poland is toiletries, but this group also shows the least growth (6.3%). Hair care is the fastest growing product group followed by skin care, fragrances & perfumes and decorative cosmetics. According to Euromonitor, the largest growth potential in the coming years concerns skin care and hair care (Euromonitor, 2009).

As the cosmetics market in Poland is interesting for domestic as well as international players, companies face tough competition. Combined with the increasing sophistication of consumer needs, all large manufacturers invest strongly in research and development. These new product developments enable companies to gain a competitive advantage and attract consumers.

Natural cosmetics consumption

Poland has a long tradition of nature-based cosmetics. Many companies offer natural cosmetics or cosmetics which are "inspired by nature". Even so, industry sources indicate that the demand for fully natural cosmetics remains limited. In contrast, according to IENICA, the Interactive European Network for Industrial Crops and their Applications, cosmetics containing herbal substances are popular in Poland and in demand for them increased.

The organic cosmetics market registered very high growth in recent years. However, according to industry sources, it is important to keep in mind that the market of organically certified ingredients is small, and Polish companies often rely on suppliers on the basis of long-term contractual relationships.

The growth rate in the sector could be hampered by the lack of a proper regulatory framework defining 'natural' cosmetics. According to industry sources, the Polish market in particular is flooded with cosmetics, which use minimal quantities of natural and organic ingredients, but are advertised as natural or organic products. This situation could harm the credibility of the sector in the long run.

Cosmetics production

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

The leading domestic cosmetics manufacturers have introduced advanced technologies, ISO certification and research & development departments. Even though large multinationals are still leading in the Polish cosmetics market, domestic companies are gradually becoming stronger and increasing their share in the market. Some of these companies are mentioned in Section 2.

Multinationals are increasingly interested in Poland, not only as a market for their products, but also as a location to which they move part of their production. The interest of multinationals in the Polish market is expected to increase even further in the near future (Cosmetic-Design, 2007). Between 2003 and 2007, the Polish cosmetics production showed an average increase of 17% per year, amounting to € 1.1 billion in 2007, making Poland the 6th largest producer in the EU (Eurostat, 2009).

Industrial demand for natural ingredients for cosmetics

As a substantial part of cosmetics products is imported from production facilities elsewhere in the EU, growing cosmetics consumption does not lead to the same extent to a higher demand for natural ingredients in Poland. Multinationals account for a substantial part of Polish cosmetics production. These multinationals have global sourcing methods typical for global players in the industry and therefore do not necessarily add to domestic industrial demand. Moreover, sourcing decisions are often taken outside Poland.

However, it is important to consider that the domestic industry has a considerable growth potential and this could increase the demand for natural ingredients. The expanding consumer interest in herbal cosmetics contributes to a rising interest of herbal manufacturers in different kind of herbs for cosmetics.

Polish industrial demand for all product groups is significant although, according to an interview with an industry source, organic ingredients are not yet in high demand in Poland and most Polish consumers do not object to chemicals in cosmetics. Therefore, chemical substitutes for the product groups are quite viable on the Polish market. Still, Poland is an important market especially for vegetable saps & extracts and oils, fats and waxes. Furthermore, raw materials are also in demand by local processors supplying domestic and West European countries (especially Germany). However, please note that Poland is itself also an important raw material supplier, and increasingly of saps and extracts.

According to the European Oil and Protein Meal Industry Federation (Fediol), between 2004 and 2007 industrial demand for vegetable oils increased by 8.2%, amounting to 752 thousand tonnes in the latter year.

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

Product	2004	2005	2006	2007	Annual Change (%)
Groundnut oil ¹	0	0	0	0	n.a.
Castor oil	1.0	3.0	1.0	1.0	0%
Palm kernel oil	11	7.0	10	14	8.3%
Palm oil	90	112	159	167	23%
Other	490	529	624	570	5.1%
Total oils	592	651	794	752	8.2%

Source: Fediol (the European industry federation for the Oil and Protein Meal Industry) 2007

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

As seen in table 1.2, showing those oils which are of interest to developing country producers, industrial demand for groundnut oil and castor oil between 2004 and 2007 remained very low. Industrial demand for palm kernel oil increased by 8.3%, amounting to 14 thousand tonnes in 2007. Industrial demand for palm oil increased by 23% in the period analysed. 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 IENICA, important herbal species for cosmetics used in Poland are:

- Chamomile (*Chamomilla recutita*)
- Burdock (*Arctium lappa*)
- Nettle (*Urtica dioica*)
- Marigold (*Calendula officinalis*)
- Eyebright (*Euphrasia officinalis*)
- Purple coneflower (*Echinacea purpurea*)

- Lemon balm (*Melissa officinalis*)
- Common birch (*Betula verrucosa*)
- Oak (*Quercus sp.*)
- Ivy (*Hedera helix*)
- St. John's Wort (*Hypericum perforatum*)
- Arnica (*Arnika montana*)
- Sweet flag (*Acorus calamus*)

According to industry sources, more exotic ingredients are also gaining in importance. There is also a stable increase in demand for essential oils.

Trends

Higher disposable incomes among Polish consumers are expected to create a shift towards mid-priced and premium products, also opening the way further for natural cosmetics. Furthermore, due to lower VAT on cosmetics and more competition on the market, prices for cosmetics are decreasing. This is expected to increase the frequency of cosmetics purchases, also thanks to more new product launches (Euromonitor, 2008).

The importance of Poland is increasing also because many multinational companies from Western Europe are relocating some of their production to East European countries. Poland is largely succeeding in attracting these facilities, thanks to the reduction of corporate taxes, the substantial domestic market and the strategic geographical position in Central Europe. Demand for ingredients should increase not only because of multinationals, but also thanks to the growth of domestic cosmetics companies.

General trends in the EU market should also apply to Poland and can be found in the survey covering the EU.

Production

In regard to natural ingredients production, Poland is a considerable producer of rape oil (Fediol, 2009). However, the production of other selected natural oils is negligible.

Poland is listed among the world's 12 leading countries exporting medicinal and aromatic plants, next to countries such as Germany and Bulgaria. Wild-collection remains particularly prominent in Poland.

Furthermore, Poland is growing in importance in the field of plant extract production; the country also functions as a subcontracting location for German and other European companies, also for the supply of raw plant material. The herbal cultivation in Poland occupies an area of over 30 thousand hectares. Around 70 medicinal species are being cultivated. The total production of herbs is estimated at 20 thousand tons per year, of which around 1/5 from natural resources and 4/5 from cultivation (Herba Polonica, 2007).

Poland may become an important global manufacturer for a broad range of raw material, as well as saps and extracts. In contrast, a significant reduction in the number of essential oils companies has been observed, as well as the reduction in the number of distilleries of essential oils. Therefore, the domestic production of essential oils is much lower than in the 1980s, and has been replaced by imports. However, this development seems to be slowly reversing.

No information on production is available for other product groups.

Trends

Industry sources expect a constant growth of herb production and essential oils in the coming years. Extraction is also expected to increase in Poland. The country is likely to become a competitor on the EU market for certain product groups which can be produced in the Polish climate. These concern most notably raw plant material, vegetable saps and extract, and perhaps, in the future, essential oils.

Please refer to the EU survey for general trends in production.

Opportunities and threats

- + Poland's large cosmetics sector shows considerable growth in production, and increasing domestic demand for cosmetics as well as natural cosmetics. This should lead to an increase in the industrial demand for cosmetics ingredients from developing countries.
- ± Poland plays an increasingly important role as a processing country and trade hub for natural ingredients. On the one hand, this trading function, as well as the possible supply of raw materials, or semi-processed ingredients to Polish processors, makes the country one of the more interesting countries in the EU for developing country producers. On the other hand, Poland will become an increasingly tough competitor to developing country producers of temperate 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

- Euromonitor (<http://www.euromonitor.com>) also provides information on the Polish market. Please keep in mind that only summaries are readily available, whereas the reports themselves come at considerable cost, but do provide company names.
- Furthermore, Polish trade associations mentioned in section 6, and the Polish statistical agency (http://www.stat.gov.pl/gus/index_ENG_HTML.htm) can be a source of 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 Poland as in 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.

Natural ingredients manufacturers mainly work with wholesalers and other traders to obtain their raw or semi-processed material. These producers 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 also import directly from developing countries. This is 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.

In Poland, multinationals lead sales of cosmetics and toiletries, with Procter & Gamble, Avon, Coty, L'Oréal and Unilever being the top five players. Their well-established brand names, broad product offer, wide availability, heavy advertising and substantial R&D budgets, enable them to be innovative and maintain their market position. Major domestic manufacturers, are aiming to improve their performances further, by launching more advanced products and investing in mass media campaigns (Euromonitor, 2009)

Poland houses many small or medium-sized cosmetics manufacturers. The most important ones are included in the section on production of this survey. There are also some German and other European companies which outsource some processing activities of (natural) cosmetics to companies in Poland.

Many ingredient producers are active in Poland. However, many of these are actually subsidiaries or production facilities of companies from Western Europe or the USA.

Cosmetics companies	
• Grupa Kolastyna SA	http://www.grupakolastyna.pl , large producer of cosmetics
• Dr Irena Eris SA	http://www.eris.pl , large brand and producer of cosmetics
• Ziaja Ltd Zaklad Produkcji Lekow Sp zoo	http://www.ziaja.com , natural cosmetics
• Hean	http://www.hean.pl , large producer of cosmetics
• Eveline	http://www.eveline.pl
• Mincer Pharma	http://www.kosmetyka.com , producer under licence
• DAX cosmetics	http://www.dax.com.pl , cosmetics
• Pollena Ewa	http://www.pollenaewa.pl , natural cosmetics producer
• Global cosmed group	http://www.global-cosmed.pl , group of brands including natural cosmetics
• Barwa	http://www.barwa.com.pl , cosmetics
• BarbraPro	http://www.barbra.pl , cosmetics brand
• Bell	http://www.bell.com.pl , producer of colouring cosmetics
• Bi-es	http://www.bies.com.pl , producer of perfumes
• Dermika	http://www.dermika.pl , producer of cosmetics
• Florina	http://www.florina.com.pl , cosmetics producer
• Cecilia	http://www.celia.pl , cosmetics
• ASA	http://www.asavita.pl , natural cosmeceuticals
• Jadwiga	http://www.jadwigajk.hg.pl , natural cosmetics
• Farmona Natural Cosmetics Laboratory	http://www.farmona.pl
• Atw	http://www.atw.com.pl , large natural (biologic) cosmetics producer
• Farmona Natural Cosmetics Laboratory	http://www.farmona.pl , natural cosmetics
• Bielenda	http://www.bielenda.com.pl , natural cosmetics
Companies focusing on natural products	
• Pollena-Aroma Flavours & Fragrances Ltd.	http://www.pollenaaroma.com , essential oils
• Cheman	http://www.cheman.pl , ingredients
• Herbastudio	http://www.herbastudio.pl supplier of natural ingredients

Sources: Euromonitor, ProFound's and consultants' sources

Trends

- Small players remain 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 are active in the organic and natural ingredient markets.

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 Poland 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 also the natural ingredients industry, prices and margins are under pressure.

Selecting a suitable trading partner

Finding a trade partner in Poland should not deviate from the general EU method as described in the Export Guidelines for exporting natural ingredients for cosmetics to the EU. Polish 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 Polish customers are through direct (e)mail, personal visits (as follow-up), inviting potential Polish customers to visit them in their country, building your network and visiting international trade fairs. However, trade fairs in Poland 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.

- A trade association which could be of interest is the Polish Association of Cosmetics and Home Care Products Producers (<http://www.czystepiekno.pl>).
- Two examples of interesting sites to visit for additional information, especially current trade leads and companies, are the following market places or buyer guides: <http://www.ingridnet.com> and <http://www.herbworld.com>.
- Greentrade (<http://www.greentrade.net>) is an online marketplace serving as an important reference point for organic products. The sections "medicinal and aromatic plants", "herbs, spices and condiments", "cosmetics products" and "raw materials" are of relevance.
- The website of Poland export provides information on cosmetics producers in Poland - <http://www.poland-export.com> - select "Production of cosmetics and toilet products".

3 Trade: imports and exports

Imports

This section discusses Poland'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

Poland was the eighth largest EU importer of vegetable derived oils, fats and waxes, which is the largest product group imported. Vegetable saps and extracts was also an important product group, for which Poland was the ninth largest EU importer. Its role in the other product groups is more limited. Between 2004 and 2008, Polish imports of all product groups increased in

terms of value. During the review period, imports of vegetable derived oils, fat and waxes increased by 18% annually, vegetable saps and extracts by 15% and essential oils and oleoresins by 26% per annum. Raw plant materials and colouring matter increased by 19% and 1.0% per annum respectively.

Developing countries, which play a substantial role on the Polish market, are Ivory Coast, China, India, Egypt and Peru. However, in general, the share in imports from developing countries is considerably lower than the EU average.

Imports by product group

Poland was the eighth largest EU importer of vegetable oils, fats and waxes, accounting for 3.2% of total EU imports and amounting to € 141 million / 60 thousand tonnes in 2008, which was considerably less compared to leading importers such as Germany, The Netherlands and France. However, during the review period, imports increased more than the EU average (14% annually). Developing countries only account for 14% of the total Polish imports of vegetable oils, fats and waxes.

The most important developing country supplier was Ivory Coast. In terms of specific products, Poland was the twelfth largest importer of peanut oil in the EU in 2008. During the review period, imports of this product increased by 13% annually, amounting to € 3.4 million / 1.2 thousand tonnes in the latter year. Polish fixed fats and oil imports were the fourteenth largest in the EU and increased by 8.9% annually during the review period, amounting to € 17 million / 8.7 thousand tonnes in the latter year. Poland is the tenth largest importer of waxes with an average annual growth of 32% during the review period. Imports amounted to € 5.0 million / 1.3 thousand tonnes in 2008. Regarding cocoa butter, fats and oil, Poland is the seventh largest importer, with € 92 million / 21 thousand tonnes in 2008. Imports increased by 24% annually. Imports of coconut oil increased by 16% per year, amounting to € 93 million / 104 thousand tonnes in 2008. During the period reviewed, Poland was the tenth largest EU importer, signifying an average annual increase of 27%.

Table 3.1 Imports by and leading suppliers of ingredients for cosmetics to Poland (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	52	66	120	Intra-EU: The Netherlands (55%), Germany (13%), Italy (6.2%), France (4.6%), Belgium (2.3%)	86%
	0.4	0.3	0.3	Extra-EU excl DC*: Switzerland (0.1%), Russia (0.1%)	0.2%
	20	27	20	DC*: Ivory Coast (13%), Indonesia (0.6%), Thailand (0.5%), Ukraine (0.2%)	14%
Vegetable saps & extracts	34	43	52	Intra-EU: Germany (27%), France (14%), Denmark (8.0%), Spain (5.9%), Italy (5.6%)	75%
	2.1	3.4	9.3	Extra-EU excl DC*: USA (11%), Canada (1.2%), Switzerland (0.6%), Israel (0.4%)	13%
	2.8	6.1	7.8	DC*: China (6.3%), Philippines (2.9%), India (1.4%), Colombia (0.4%)	11%
Essential oils & oleoresins	2.8	5.2	8.6	Intra-EU: Germany (73%), France (6.9%), United Kingdom (3.2%), Italy (1.8%), Austria (1.5%)	89%
	0.4	0.1	0.3	Extra-EU excl DC*: USA (2.4%)	2.7%
	0.7	0.4	0.8	DC*: India (6.9%), Turkey (0.5%), China (0.5%), Mexico (0.3%)	8.7%
Raw plant material	4.4	5.9	9.7	Intra-EU: Germany (29%), Bulgaria (4.2%), Czech Republic (3.1%), France (2.8%), Italy (2.3%)	46%

Product	Total 2004 € mln	Total 2006 € mln	Total 2008 € mln	Leading suppliers in 2008 (Share in %)	Share %
	2.4	2.9	3.0	Extra-EU excl DC*: USA (12%), Russia (2.8%)	15%
	3.8	4.6	8.2	DC*: Egypt (5.2%), China (4.7%), Ukraine (4.2%), Turkey (3.4%), Nigeria (3.2%), Namibia (3.2%), India (2.7%), Indonesia (2.6%), South Africa (2.3%), Albania (1.8%)	39%
Colouring matter	7.7	6.8	7.9	Intra-EU: Denmark (27%), France (18%), The Netherlands (17%), Germany (15%), United Kingdom (5.7%)	95%
	0.1	0.6	0.1	Extra-EU excl DC*: USA (0.9%), Israel (0.2%), South Korea (0.2%)	1.3%
	0.2	0.3	0.3	DC*: Peru (3.2%), China (0.5%), India (0.3%)	4.0%

Source: Eurostat (2009)

*DCs: Developing countries

Poland is the fourth largest importer of vegetable saps and extracts in the EU, after Germany, France and the UK, and is responsible for 4.9% of total imports. In 2008, Poland imported € 69 million / 8.7 thousand tonnes, an annual increase of 15% during the review period. Developing countries accounted for 11% of total imports, which was below the EU average. The main developing country supplier was China. In terms of specific products, Poland was the twelfth largest importer of natural gums, resins, gum-resins and balsams in the EU in 2008. The country was responsible for 1.9% of total EU imports, amounting to € 3.4 million / 1.2 thousand tonnes, an annual increase of 13%. Developing countries were the source of 13% of imports. Poland was the ninth largest importer of other vegetable saps and extracts in the EU in 2008. The country was responsible for 5.3% of total EU imports, amounting to € 66 million / 7.5 thousand tonnes, an annual increase of 15%. Developing countries were the source of 11% of imports.

Poland is the tenth largest importer of essential oils and oleoresins in the EU, accounting for 1.2% of total EU imports. In 2008, imports totalled € 35 million / 3.2 thousand tonnes, signifying an annual increase of 8.1% since 2004. In 2008, developing countries accounted for 24% of total imports, with imports increasing by 35% annually during the review period. The most important developing country suppliers were China and Brazil. In terms of specific products, Poland was important for imports of extracted oleoresins, accounting for 2.6% of EU imports. Furthermore, the country was of importance for other essential oils. Between 2004 and 2008, imports of lemon oil registered an increase of 51% annually.

In 2008, Poland was the eighth largest importer of raw plant material in the EU, accounting for 3.9% of EU imports. In 2008, imports amounted to € 21 million / 8.4 thousand tonnes, an annual increase of 19% during the review period. Developing countries accounted for 39% of total imports in 2008. The most important developing country suppliers were Egypt and China. Imports of medicinal and aromatic plants amounted to € 19 million / 8.0 thousand tonnes in 2008, accounting for 4.1% of EU imports. Developing countries accounted for 40% of imports of medicinal and aromatic plants, with Egypt as the largest developing country supplier. Poland was the seventh largest importer of seaweed and algae in the EU, accounting for 4.3% of EU imports, amounting to € 1.8 million / 381 tonnes. Developing countries accounted for 27% of total Polish imports, with Indonesia as the largest DC supplier.

Poland is the seventh largest importer of colouring matter in the EU, accounting for 6.9% of total EU imports. In 2008, Poland imported € 8.4 million / 1.2 thousand tonnes, an average annual increase of 1.0% during the review period. Developing countries accounted for 4.0% of total imports and the main developing country supplier was Peru.

Exports

In 2008, Poland was the thirteenth largest exporter of vegetable-derived oils, fats and waxes in the EU. It accounted for 0.4% of total EU exports in 2008, amounting to € 9.0 million / 2.1 thousand tonnes, signifying an annual increase of 5.6% during the review period. The most important export markets were Germany and Russia.

Poland is the fourteenth largest exporter of vegetable saps and extracts in the EU. In 2008, Poland exported € 7.5 million / 1.7 thousand tonnes. The most important export markets were Russia, Germany and Czech Republic.

In 2008, Poland was the fourth largest exporter of essential oils and oleoresins, exporting € 61 million / 3.6 thousand tonnes. Between 2004 and 2008, exports increased by 22% annually. The most important export markets were Germany, United Kingdom and the USA. In terms of specific products, Poland mainly exported extracted oleoresins.

Poland was the second largest exporter of raw plant material in the EU. In 2008, Poland accounted for 15% of total EU imports, amounting to € 53 million / 17 thousand tonnes in the latter year. Between 2004 and 2008, Poland's exports of raw plant material had an average annual increase of 16%. The most important export markets were Germany and the Czech Republic.

In 2008, Poland was the eighth largest exporter of colouring matter in the EU, accounting for 0.2% of total EU exports. Between 2004 and 2008, Poland's exports of colouring matter substantially decreased, by 9.8% annually, totalling € 0.4 million / 179 tonnes in the latter year.

Opportunities and threats

- + Imports of all product groups increased. Imports of vegetable oils, fats and waxes and vegetable saps and extracts are the largest product groups.
- +/- The small share of imports from developing countries can be either a threat or an opportunity. It indicates a current preference for imports from more developed countries. However, the figures can also be translated into a more positive forecast: developing countries still have a large share to gain, if Poland follows import patterns of other EU countries regarding imports from developing countries.
- +/- In 2008, in spite of the economic crisis, prices for essential oils increased strongly. For 2009, the value of essential oils is expected to stabilise. In general, imports of natural ingredients increased during the review period. However, this strong increase could be related to an increase in price for most products, as imports in terms volume increased slowly, or even decreased, during the review period.
- +/- Vegetable derived oils, fat and waxes are more often applied as ingredients for biofuels and, consequently, subject to speculators. These developments could manipulate the value of vegetable oils, fats and waxes both positively and negatively. The price of vegetable oils could increase, signifying an increase in imports of these products in terms of value. On the other hand, the increase in value could attract buyers to look for other natural ingredients.
- Poland is increasingly important as a sourcing location for, particularly German, companies; it is a competitor to developing countries regarding temperate raw plant material and is likely to increasingly play the same role for vegetable saps and extracts.

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 Poland. 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, exporter 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/supplier in a developing country preparing to access Poland, you should be aware of the market access requirements of your trading partners and the Polish 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 Poland 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 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, for instance 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 Poland 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.

Even though large companies often have English-speaking personnel, the established language is Polish. 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 Polish 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.

- A trade association which could be of interest is the Polish Association of Cosmetics and Home Care Products Producers (<http://www.czystepiekno.pl>).
- An interesting trade fairs is Uroda - Cosmetics and Hairdressing Fair - held 3-4 October 2009 in Gdansk.
- A major Polish professional trade magazine in cosmetics is Uroda (<http://www.uroda.pl>) and Wiadomosci Kosmetyczne (<http://www.wiadomoscikosmetyczne.pl>).

This survey was compiled for CBI by ProFound in collaboration with Andrew Jones and Klaus Duerbeck

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