

Market outlook

Organic Essential Oils

An evolving sector's benefits, legislation and use in the flavor and fragrance industry

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How can the present and future prospects of organic natural products be judged, and can they become important contributors to the total market — either now, or in the future? Organic essential oils — like organic vegetables and fruit — often are regarded as an oddity. For most people in the natural products trading world, the organic movement is not large enough of a market segment to warrant much attention. But keen observers who look at emerging trends will see that the fastest growth category in essential oils is the organic category.

Growth

Currently, the organic market segment is miniscule in size; less than 1 percent of the trade in essential oils is in the organic sector. However, the rate of growth for the organic essential oil sector in the United States is close to 20 percent per annum, which is far above the growth rate of the total market. It is apparent that in every essential oil market the growth of the organic sector clearly outweighs that of the remainder of the market.

At the 2005 IFEAT conference, held in Cochin, India, a segment of the technical program was dedicated to discussing the essential oil organic market. It was the first time that the organic market was deemed important enough to warrant its own program. Although it was scheduled for the final spot on the last day of the conference, ultimately, 150 people attended the session. This indicated the interest generated by this one topic within the essential oil industry, and this last IFEAT program became, for many, a highlight of the conference.

Is this an important clue to the development of the organic section of the essential oil market? And is it important that more attention be paid to this developing segment? Perhaps not for all producers

or traders, because the organic sector is still the province of the dedicated enthusiast. However, it is growing because there exists an increasing number of people who value the principles on which the organic market stands.

Why Organic?

The organic market will continue to grow and evolve because of the principles upon which it is based. What is true of organic foodstuffs is also true of every other area of natural, sustainable and organic agriculture — it has, at its root, a concern for mankind. But, more than that, it is economically sound and presents a viable alternative to conventional agriculture, with equal opportunities for profit generation for those with the insight and skills to develop them.

The organic market has, as its hallmark, a concern for the environment. In a world of reputed looming disasters — global warming, pollution, the loss of habitat leading to the loss of native species of birds and animals, the scourges of disease, etc. — people have begun to think more about the environment.

The development of this interest in the organic market has been most visible in the food market. This is evident in any supermarket throughout the United States, where selections of organic goods now are offered. With consumers' acceptance of organic, the "amateur" nature of production has been addressed. Quality standards have been established, and gradually an understanding and an acceptance

of them have developed. In addition, an awareness of the availability of these “natural” foods is well appreciated, and organic foods increasingly are being sought out and purchased.

Essential oils are used widely in prepared foodstuffs, elevating the appeal of those foods and permitting innovation in their presentation. It follows that a rising interest in the benefits of organic foods has led to a steady increase in the demand for essential oils that don't compromise the organic nature of those foodstuffs. The search, by consumers and marketers alike, for organic essential oils continues. In response to that demand, producers and processors of essential oils are becoming more and more aware of this market opportunity.

But where is this organic imperative leading the industry? The organic movement addresses and facilitates many issues of clear and demonstrable importance.

Food: Of individual concern is the consequence of uncontrolled chemical use upon our personal safety and the quality of life. In foods, this is certainly an established concern, and every parent is vigilant about ensuring that the family is protected against the hidden dangers of product contamination or of the inclusion of ingredients that are thought to be harmful.

Personal care: This concern definitely is also very evident now in the personal care market. What we put on our skin and in our hair has the potential to influence personal health in both the short and long term. For example, contaminants can be absorbed through the skin, which can cause health conditions. The cumulative effect of pesticides, and of some additives, is well documented and widely acknowledged.

The certified organic market makes a positive contribution to limiting these and other anxieties. It brings these issues of safety to the farmer and processor, thus providing the means to avoid the use of many harmful contaminants for the ultimate benefit of our world.

Certification and Legislation

The increased interest in and demand for all things organic have led to a questioning of the value of organic certification and its ongoing cost to producers and processors. There are many farmers and processors who genuinely see a practical alternative to certification in a more voluntary willingness to produce foods that are free of contaminants. They will point to the adoption of farming methods and to processing approaches that avoid the use of unwanted contaminants in their products. This raises the issues of how to validate a producer's claim that its product is effectively organic and natural, and how to satisfy the perceptive purchaser that product claims are believable.



An African farmer and a field officer in a borage field

Legislation has been introduced throughout the world to safeguard the reliability of a declaration that an oil is “organic” by establishing a process of certification. This is conducted by authorized certifiers, whose licenses are granted by their respective governments, and whose responsibility it is to audit all companies claiming an organic status. This is the only way there can be any assuredness that claims by producers and processors are reliable and are backed by adherence to a scrupulous set of conditions.

Production of Organic Essential Oils

One location in which Earthoil works to produce organic essential oils is sub-Saharan Africa, specifically in Zambia, Kenya, Uganda and Tanzania. In each of these countries farming is traditional. These farmers suffer many disadvantages — principally, they operate on a very small scale, and the logistics of accessing world markets seem prohibitive. However, they have two particular benefits — their land is largely unspoiled, and they have ready access to labor.

The approach that Earthoil has taken to encourage these farmers to consider new crops and to move toward a market position is to promote the formation of groups of farmers. This creates an environment in which the farmer groups then can gain

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the necessary support, such as technical advice, close field monitoring, assistance in meeting difficulties as they arise and, above all, access to markets.

Three projects illustrate these processes at work: one in the Mount Kenya area of Kenya, one in the mint-growing area of India and one in Zimbabwe.

The rate of growth for the organic essential oil sector in the United States is close to 20 percent per annum.

Mount Kenya farmers group: About one year ago in the middle of Africa, right beside Mount Kenya, a novel program emerged. Borage, a very European crop, started being grown in a project to promote commercial agriculture among a group of 90 African farmers in order to meet certified organic standards for both the European and American markets. This is a partnership arrangement involving an African Non-Governmental Organization (NGO), Mount Kenya Organic Farming (MOOF), Fintrack [a licensee for the United States Agency for International Development (USAID) in Africa], and Earthoil Kenya Pty EPZ Ltd. As such, it combines the resources of USAID, the enthusiasm of African nationals and the commitment of an international marketer to a unique project.

Borage is the first crop to be grown under this scheme, and the results are encouraging. The plant is grown essentially for the nutritional supplement market, and

the key aspect — the level of γ -linolenic acid in the oil — fulfills the hopes and expectations of the project.

Mount Kenya provides natural water reticulation from its ice cap and is a pristine area that is well suited to organic agriculture. Many skills are required of the growers: bee farming to ensure good fertilization of the flowers, composting techniques to meet the nutritional requirements, seed harvesting and drying. Within the area there are more than 8,000 farmers, each with a small piece of land (often only 0.5–1 acre), so there is great interest in crops of a high economic return.

These African farmers have shown themselves to be adept in the acquisition of new skills in growing this demanding crop. The seed yield, the yield of oil and the proportion of g-linolenic acid (GLA) present in the oil have produced a successful outcome. Now, one year later, there are 230 certified organic growers participating in the program, and the range of oil crops grown has been increased. Planning is now under way for a new and enlarged program to follow this first successful project.

Organic mint growing in India: This project once again involved the identification of a group of growers that was willing to implement a technology change. Here, the growers already were growing mint, but were supplying a conventional (nonorganic) market.

Earthoil identified two groups of growers — in essence, two villages — that are both engaged in the seasonal production of mint oils. Each group had a distillery available for oil extraction, and, significantly, each was willing to seek organic certification (as a group in each case). Neither group previously had used artificial fertilizers or chemicals. The incentive was an increased ability to sell their crops through Earthoil as a certified organic product. Certification of their total production areas was arranged, a system of field guidance was implemented and the farmers were given tangible recognition of their organic status through the payment of an “organic margin.”

In the middle of an area devoted to mint oil production by the conventional agricultural method, two groups of farmers exist that are growing and benefiting through the adoption of organic methods. This project is also expanding, and the number of participants increases each year.

Organic tea tree oil in Zimbabwe:

Earthoil saw an opportunity to establish, as a certified organic project, the production of tea tree oil in Zimbabwe. The economics of production appeared attractive and the environment seemed to be conducive, so a project to establish a model farm — a demonstration farm — was initiated. Every facet of tea tree oil production was tested in this new environment. Certified organic seed was available, but new methods of seed bed establishment were developed. Land

A farmer harvesting mint



preparation, transplanting from a nursery, start-up nutrition, techniques for mulching and the provision of nutrients from organic sources all were studied in establishing a 2-ha trial plot, and then, based on that work, an area of 20 ha was planted.

In due course, harvesting methods were developed, a processing plant was established, and methods of storage and transportation were initiated, all of which were certified organic. This then became the demonstration farm, and many farmers — in this case, white Zimbabwean farmers — elected to follow the approach.

Earthoil established a market presence in the United Kingdom and Europe, and, on that base, entered into contracts with individual farmers. The farmers provided the land but Earthoil provided the seed, the technology and advice on production, and the harvesting and handling of the oil, then contracted to sell the oil that was produced. This became a very profitable operation. On this basis, a very successful operation was established. Although it has not been possible to continue the project in Zimbabwe, it is continuing in Zambia.

These projects are just three of a number that are either under way or planned. The first two illustrate different approaches to encouraging indigenous farmers to undertake a technological step and, in the process, to gain access to the organic essential oils market. In addition, they illustrate a real social benefit in organic agriculture — an opportunity for the indigenous farmers of developing countries. These farmers are organic by definition — they lack the capacity to import artificial fertilizers and chemicals. They are in need of guidance and opportunity to access the world markets. They also have to show that their products are reliable, high quality and deliverable to the world markets.

The third example — tea tree oil — illustrates a very different approach in that it was not directed primarily at indigenous farmers. It should be noted that a variation of the model farm approach is certainly a viable option to the establishment of new production methods or new crops.

There is much to be done in this area. Those of us who work in these developing countries know that the skills exist, production can be harnessed, and the role of the individual can be protected and developed. There are new products to be presented to the world, and essential oils are just one of the product groups that can be controlled. It has been demonstrated that the grouping of small producers can be achieved and reliable supply can be organized. The organic market is the obvious means to that end. Our experience has shown that there need be no economic barrier to the entry of these indigenous farmers into the world economy, but it is — and will continue to be — a process of slow development.



Tea tree growing in Africa

Just the Beginning

There are many examples, such as those mentioned previously, of the successful development of organic production of essential oils in which the organic product has to stand beside and be compared with the nonorganic product. The market is exerting a positive influence in favor of organic essential oils in commerce — in foodstuffs, in cosmetics and skin care, in perfumery, and in every section of the market in which essential oils can be used.

It is expected that, after reading this, most people will turn away and think it all to be a pipe dream, or perhaps not of immediate significance. However, some will not, and they will be among the first to seize these new opportunities. There is more profitability in the adoption of organic principles, to be shared by those who dare to think it all through. This is abundantly evident in the trends of the organic essential oils market. The process is relentless — it cannot fail to develop. The state of economies and the health of the world will be linked increasingly to the adoption of these organic practices. And, as is the way of the world, these benefits will be reflected continually in the demands of the marketplace.

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