

Francisco Fernandez Alvarez-Castellanos

The Spanish aroma chemical industry: a mirror of the global industry^a

The history of the Spanish aroma chemical industry reflects the trends that have shaped the global industry—local family ownership giving way to multinationals, competition from developing markets—as shown in the International Federation of Essential Oil and Aroma Trades Medal Lecture presented by Francisco Fernandez Alvarez-Castellanos at the organization's 2011 Barcelona event. Alvarez-Castellanos spent 40 years in Spain's aroma chemical industry before retiring in 2005, providing him with a unique perspective on the local industry's past and future.

In 1916, anethole production began in Barcelona, followed by turpentine and terpineol production in 1925. Destilaciones Bordas Chinchurreta, SA was among the earliest family owned aroma chemical manufacturers, established in Seville. Today, the company has grown to produce more than 200 materials for the flavor and fragrance industry. DAKSA then formed in 1955. Due to the terpineol produced in the country, the world's first air freshener was produced in Spain, Alvarez-Castellanos said. Comprising primarily terpineol, the product was advertised as a "forest scent."

The Francoist government supported the fledgling industry by incentivizing producers and exporters, as well as importers of raw materials. In 1970s and 1980s, at the close of the Francoist era, the Spanish industry and aroma chemical production quantities witnessed huge growth, particularly with the boom of new cleansers, household cleaners and beauty products.

Alvarez-Castellanos explained that multinationals began entering the market in 1961, when Givaudan established its Spanish subsidiary, followed by the former Naarden in 1962 and Kao in 1996. In 1986, IFF acquired DAKSA, ushering in an era of multinationals taking over family run operations. In 1989, Takasago purchased an interest in ACEDESA before finally acquiring the entire operations in 1999. Sensient (then Universal Foods) bought Destilaciones Garcia de la Fuente in 1995.

^a Read an interview with Alvarez-Castellanos on Page 82 of the October 2011 issue of *P&F* magazine; www.perfumerflavorist.com/magazine/pastissues/.



This wave of multinationals and acquisitions paralleled growing competition from ingredient sources in China and India, as well as multinationals with large-scale operations, such as BASF. This globalization of the industry changed the landscape fundamentally, lowering some ingredient prices to a degree that they became unprofitable for Spanish producers. As a result, companies diversified and focused on a greater level of technical sophistication. By the early 1990s, Spain's gum turpentine oil production virtually ceased.

Today, Alvarez-Castellanos explained, the Spanish industry's main strengths remain excellent technical expertise and facilities, proximity to customers, good service and flexibility. Ongoing vertical integration, meanwhile, is controlling costs, even as regulations such as REACH put a strain on resources. Today, Alvarez-Castellanos estimated, the Spanish aroma chemical industry produces 20,000 metric tons of ingredients annually.

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