

Trends in Mint, Part 1: Ingredients

Tracing the origins of today's pricing issues

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Ask anyone who buys mint today and they will probably tell you the price is too high and many will state that they are not going to cover until the prices ease. Even if there was a will to purchase oil, the financial institutions have such a tight restriction on lending at present that buyers may not have the freedom to invest. Unfortunately, there are fundamental problems with this situation, which means the industry may have reached a point of high-level stability in the mint market.

It is true prices are high compared to their historical value; the Multi Commodity Exchange of India (MCX) was trading crude *Mentha arvensis* at 600 rupees in January 2010 and today it stands at 1,600 rupees—but why is the price at this level? Production costs. The price of fuel is a factor—irrigation water is often pumped up from wells—and of course fuel is also used for second stage refining. However, this would not account for a 2.5x increase.

India: Shortages and Speculators

Shortage of crop: India reported a good crop in 2011, but it does seem that the volume of material that came to market was a little less than expected. Perhaps the world demand has also been underestimated. The usage of *M. arvensis* has increased, not only to an ever-expanding middle class in the subcontinent and the Far East, but also where traditional *Mentha piperita* products have proven too expensive, prompting the reformulation of flavors with *M. arvensis* to meet buyers' price demands.

Clearly the MCX does allow some market speculation for investors, but only a small amount of the production volume makes its way to the exchange. It does, however, set a level of pricing and provides information to growers and collectors regarding exactly what price can be achieved.

However, the biggest problem is probably of the industry's own making. If all parties insist on purchasing only their immediate requirements, there is never any oil in free circulation throughout Europe or the United States to meet immediate demand. This forces the industry back to India, reinforcing the demand and allowing those sources to sell based upon the MCX prices. Who, then, is going to be brave enough/foolhardy enough to try and break the cycle? Probably no one, as the financial penalty of having high value stock is just too great.



So, what of the future? Maybe prices will move down slowly and all can relax a little for a change. Maybe there will finally be an opportunity to go to customers with a smile and an offer of a price reduction—but what if they don't come down?

Impact of Synthetic Menthol Production

Much is being made of the fact that synthetic menthol production will increase in the next few years and that this will bring down the price of natural menthol and mint. While this author is sure the synthetic menthol will be a stabilizing influence on the market, it might not be exactly what is expected.

Synthetic menthol production is limited, and as manufacturers secure their long-term commitments from major customers, the smaller purchasers can only purchase natural menthol. Eventually the price could ease, but if growers decide the price is too low for them and they find more lucrative crop alternatives, then the industry will quickly have a shortage, not only of menthol, but also a more serious problem with a lack of dementholized oil. In short, the price of dementholized oil could rise beyond the price of menthol.

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