

# China's Perfumery Industry: Current Status

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China's perfumery industry continued to drop in 1990 after two successive years of decline in production. While there has been an increase in the quality and variety, there has been a drop in the production level. According to China Perfume, Essence and Cosmetics Industry Association, China last year produced 18,397 tons of essential oils and 17,156 tons of aromatic chemicals, respectively a decrease of 5 and 7% compared with the previous year (see Tables I and II).

The decrease in the production of essential oils and aromatic chemicals was mainly because of a lack of raw materials resulting from the fact that farmers have now found more profitable crops to grow than those essential to the perfumery industry, according to Liu Shuquan, secretary general of China Perfume, Essence and Cosmetics Industry Association. Production of many items has been given up as a result.

While output of essential oils and aromatic chemicals have dropped, great improvement has been made in the quality and variety of these products. It is estimated that more than 800 varieties of

aromatic chemicals are now produced in China, 200 more varieties than in 1987.

Liu Shuquan attributed the improvement to the techni-

cal transformations in the industry and a sharp increase in the number of Sino-foreign joint ventures in this sector. In the past two years about US\$20 million were spent on technical transformations of enterprises.

Foreign technology and equipment have played an important role in the upgrading of China's aromatics industry. Beihua Perfumery in Guangzhou, South China, for instance, has introduced efficient steam equipment from

abroad for citronella oil, increasing the oil content from 85% to 95%.

In addition, perfumeries in Kunming in Southwest China and Hangzhou, Nanjing and Zhangzhou in East China have also introduced high-efficiency extracting and distillation equipment and colorimeters and mass spectrometers from France, Switzerland and Germany, with excellent results.

Direct foreign investment has also played its part. With

**Table I. China's major essential oil production in 1989 and 1990**

	Unit	Output		Increase or Decrease
		1989	1990	
Peppermint oil	ton	6,000	8,000	33.3%
Peppermint oil (dementholized)	ton	2,100	2,800	33.3
Menthol crystals	ton	3,480	4,640	33.3
Spearmint oil	ton	380	500	31.6
Jasmin concrete	kilo	1,422	1,072	-24.6
Big flower jasmin concret	kilo	300	300	-
Michelia alba concrete	kilo	445	440	-1.1
Michelia alba flower oil	kilo	234	224	-4.3
Michelia alba leaf oil	kilo	500	500	-
Patchouli oil	kilo	2,000	1,800	-10.0
Lavender oil	ton	15	18	20.0
Rose absolute	kilo	220	150	-32.0
Rose crimson glory concrete	kilo	700	538	-23.1
Geranium oil	ton	140	80	-42.9
Lemon oil	ton	18	12	-33.3
Osmanthus flower concrete	kilo	590	300	-49.2
Labdanum concrete	kilo	3,150	2,560	-19.0
Vertivert oil	kilo	3,760	2,257	-40.0
Anise oil	ton	97	70	-28.0

Source: China Perfume, Essence and Cosmetics Industry Association

**Table II. China's major aromatic chemicals production in 1989 and 1990**

		Output		Increase or Decrease
		1989	1990	
Musk xylene	384 tons	465 tons		21.0%
Musk ketone	221	240		8.6
Musk ambrette	154	151		-2.0
Coumarin	496	519		4.0
Ethyl hexanoate	318	506		59.0
Ethyl butyrate	580	256		-56.0
Piperonal	198	212		7.0
Phenyl ethyl alcohol	466	475		1.9
Vanillin	988	1,106		11.0
Hydroxycitronellal	28	56		100.0
Geraniol	10	15		50.0

Source: China Perfume, Essence and Cosmetics Industry Association

an investment of US\$8 million, International Flavors and Fragrances (IFF) set up an independent processing factory in March 1990 in the Guangzhou Economic and Technical Development Zone. The factory has an annual production capacity of 3,000 tons of essences. According to a contract good for 50 years, 40% of its products will be exported. Annually, IFF will supply essential oils and aromatic chemicals of more than 80 varieties valued at about US\$5 million. Its high-quality products will take up a large share of the Chinese market, Liu Shuquan predicted.

IFF is also running a factory jointly with Hangzhou Perfumery in East China, producing 200 tons of emulsified essences a year.

In 1987, Givaudan SA of Switzerland began cooperative production of cedar oil (*Biota orientalis* Endl.) in Southwest China's Guizhou province with the Research Institute of the Aromatics Industry under the Ministry of Light Industry. The joint venture now produces 100 tons of cedar oil per year. The company has also set up a joint venture with Le Yuan Essence Factory in Beijing, producing 150 tons of emulsified essences a year.

In 1983, Florasynth of the United States set up the first joint venture of the perfumery and flavor industry in China, Shanghai Cosfra Ltd., with the Light Industry Bureau of Shanghai. Initial production was 380 tons of aromatic essences a year, and since then the company has grown substantially.

**Table III. China's trade in essential oils and aromatic chemicals (1986-1990) (Unit: US\$1,000)**

	1986	1987	1988	1989	1990
Export	201,190	216,820	253,670	281,330	250,000
Import	11,700	12,890	27,640	13,420	n.a.

An important market is China's huge tobacco industry which consumes more than 8,000 tons of such essences annually. It continues to be one of the largest in this industry in China.

Export of essential oils and aromatic chemicals steadily increased in the 1986-1989 period. Last year, however, saw an 11% drop in export value (see Table III).

"To boost production and export of essential oils and aromatic chemicals, China must adjust its pricing policy to give farmers enough incentive to grow plants that produce these products," Liu Shuquan said. "And, Chinese foreign trade workers should be more aggressive in marketing them."

### Reference

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