

Entering the European market for vanilla extract

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To enter the European vanilla extract market, you must comply with mandatory legal requirements set by the European Union (EU). You are also advised to meet common additional requirements that buyers and niche markets have, as this will help you enter the European market. The vanilla extract market is divided into three segments, each with different channels you can enter through. When entering the European market, you will face competition from other countries, companies and products.

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1. What requirements must vanilla extract comply with to be allowed on the European market?

What are mandatory requirements?

EU mandatory requirements

As an exporter of vanilla extract from a developing country, you must ensure its safety for use in the European market, as ensuring food safety is a top priority of the European Union (EU). You must comply with the EU's mandatory requirements for food safety and natural food additives. Failure to comply will prevent your vanilla extract from being sold on the European market. As such, make sure you comply with the following:

- The [General Food Law](#), which establishes safety requirements for foodstuffs, including your vanilla extracts. Under the General Food Law's legislative framework, you must have a traceability system in place throughout your entire supply chain.
- [Regulation \(EC\) 852/2004](#) which requires a [Hazard Analysis and Critical Control Point \(HAACP\)](#) system if you are a food processor of vanilla extract.
- [EU Regulation 1334/2008](#) which sets rule for the use of flavourings.

Tips:

Read the CBI study '[What requirements must natural food additives comply with to be allowed on the European market?](#)'. It provides further information about mandatory requirements you must comply with to enter the European market.

Read the EU's [guidance on how to comply with and implement the EU's General Food Law](#). This will give you a greater understanding of a mandatory requirement you must comply with to enter the European market.

Read the [EU's factsheet on food traceability](#) because it provides useful information and guidance about food traceability in the EU.

Read and comply with the [EU's Key Obligations of Business Operators](#) as they derive from EU food

safety legislation.

Contamination

To enter the European market, the EU legally requires proof that your vanilla extract is not contaminated with or contains more than the established maximum level of elements in three categories:

1. Physical – Plastic, metal and dirt residues
2. Chemical – Pesticides
3. Biological – Bacteria

You must prove your vanilla extract is not contaminated by these three elements, or that their levels are within their prescribed levels set by the EU. Failure to comply will prevent your vanilla extract from being sold on the European market.

The EU has set Maximum Residue Levels (MRLs) for pesticides ([EC 396/2005](#)) and heavy metals ([EC Regulation 1881/2006](#)) for food products. You must ensure your vanilla extract does not contain pesticides and heavy metals, or that their residue level does not exceed the levels set by the EU.

European buyers of natural food additives regularly test products they import, usually on a per batch basis, for contamination or unacceptable residue levels. For example, when asked whether or not they test their vanilla extract a buyer stated, “*Yes, we do. Every batch*”. You have to make sure that your vanilla extract is not contaminated and elements are within set let levels.

Tips:

Use the [EU's MRL database](#) to identify the Maximum Residue Levels (MRLs) for vanilla and comply with them.

Always send European buyers an uncontaminated product because buyers regularly test products for contamination and unacceptable residue levels. Failure to do so is likely to end your business relationship with them.

Consider reducing the amount of pesticide that is used in your vanilla production. Applying the Integrated Pest Management System (IPM) which is an agricultural pest control strategy using control practices in addition to chemical spraying, is one way to do this. For [more information about Integrated Pest Management](#) see the FAO website.

Extraction solvents

To ensure consumer safety, the EU regulates the use of extraction solvents in food production. Authorised solvents and their conditions of use, along with their maximum residue limits, are outlined in [EC Directive 32/2009](#). You must only use solvents according to their conditions of use per foodstuff or food ingredient in compliance with [Good Manufacturing Practices](#). The EU's authorised solvents for extraction in compliance with Good Manufacturing Practices are:

- propane

- butane
- ethyl acetate
- ethanol
- carbon dioxide
- acetone
- nitrous oxide

Parts II and III of Directive 32/2009 list extraction solvents whose conditions of use are specified to ensure they are not a danger to human health. For example, the EU permits the use of methanol and propan-2-ol for all uses as long as residues do not exceed the maximum residue level (MRL) of 10mg/kg.

Tips:

Minimise residues of extraction solvents in your vanilla extract and ensure that they do not present a danger to human health.

Review this [summary of EU legislation on solvents in food](#) for further information about Maximum Residue Limits for solvents.

Labelling and packaging requirements

The EU's [Classification, Labelling and Packaging](#) (CLP) Regulation (EC Regulation 1272/2008) identifies hazardous chemicals and informs users about their hazards through standard symbols and phrases. Your vanilla extract must be compliant with the EU's CLP regulation to enter the European market. Failure to do so will prevent it from entering the European market.

In addition, the EU legally requires the corresponding warning labels to be applied on special packaging used. You are legally required to use the [Globally Harmonized System of Classification and Labelling of Chemicals](#) (GHS) to do this. You must therefore use the GHS's labels on your vanilla extracts packaging.

Figure 1:



Figure 2: Physical Hazard label for vanilla extract



[CLP regulation](#) requires you to package your vanilla extract in a way so that its content cannot escape. Your packaging must therefore be strong and solid, and resistant to damage from its contents. If your vanilla oleoresin is supplied to the general public, it must not attract or arouse the curiosity of children or mislead customers. Packaging must not have a similar presentation or a design used for foodstuff, animal feedstuff, medicinal, or cosmetic products.

To export your vanilla extract to the European market, you must comply with the EU's labelling requirements outlined in the EU's food additives and flavourings legislation. Labelling requirements you must comply with depend on whether or not your vanilla extract is intended for sale to the final consumer. This is outlined in Chapter IV – LABELLING under Articles 21, 22, 23 and 25 of [Regulation \(EC\) No 1333/2008](#) and Chapter IV – LABELLING under Articles 14, 15, 16 and 18 of [Regulation \(EC\) No 1334/2008](#). You must comply with labelling requirements that apply to you – in this case depending on whether or not your vanilla extract is or is not

intended for sale to the final consumer.

If you export [European Union organic certified](#) vanilla extract, you must comply with the EU's labelling requirements. Therefore, next to the EU organic logo, you must display the code number of the control body, and also state where the agricultural raw materials composing the product have been farmed.

Tip:

Read the page '[Understanding CLP](#)' on the ECHA website, because it will give you a better understanding of one of the mandatory requirements you must meet to enter the European market.

Convention on Biological Diversity and the Access and Benefit-Sharing scheme

The [Nagoya Protocol of the Convention on Biological Diversity](#) (CBD) aims to ensure the benefits of genetic resources and long-established knowledge are shared fairly. This is done through its Access and Benefit-Sharing (ABS) scheme, which is particularly important for ingredients collected from the wild.

The EU has adopted international treaties and protocols on using plant resources into European law. The Nagoya Protocol of the Convention on Biological Diversity (CBD) is an important protocol which has been translated into European law. It is also likely that it has been incorporated into your national laws.

You must comply with the Nagoya Protocol if your country is a signatory. Failure to comply will prevent your vanilla extract from being allowed to enter the European market.

Tips:

Determine if your country is a signatory to the Nagoya Protocol, and if it is, make sure you comply with it.

Visit the CBD website as it provides a range of useful information on CBD and ABS. For example, use the [country website tool](#), which provides useful information specific to your country. Doing so will give you a greater understanding of a requirement you must comply with to enter the European market.

Documentation

European buyers of vanilla extract expect exporters to provide them with well-structured and organised product and company documentation. It helps prove you meet their requirements and quality specifications. When one European buyer of vanilla extract was asked if documentation is important, they answered, "*absolutely*", with a second buyer answering "*yes, of course*".

Therefore, providing buyers with documentation gives you an advantage when you are trying to establish yourself on the European market and eventually develop long-lasting trading relationships. It also makes you look organised and well prepared to do business with.

European buyers of vanilla extract usually expect exporters to provide them with Safety Data Sheets (SDS), Technical Data Sheets (TDS) and a Certificate of Analysis (COA). To help you prepare these three pieces of

documentation, Table 1 explains what each of them contains.

Table 1: What is contained in Safety Data Sheets (SDS), Technical Data Sheets (TDS) and a Certificate of Analysis (CoA)

Safety Data Sheet (SDS)	Technical Data Sheet (TDS)	Certificate of Analysis (CoA) which matches
Product description	Product description	Data mentioned in the TDS
Product classification	Product classification	Pre-shipment samples approved by buyer
Hazard identification	Quality analysis	Contractual agreements with buyer
Information on safety measures	Information on applications	
	Certificates	

Source: Ecovia Intelligence

Ensure you have well-prepared SDS, TDS and CoA documents for your vanilla extract, and have them ready for European buyers. For example, one European buyer of vanilla extract stated, *“when you are looking for a new supplier, yes of course it (documentation) is important”*. Additionally, if you already have the documentation read, be sure to inform buyers of this when you approach them.

Tips:

See the CBI study on [how to prepare technical documentation for natural food additives](#). The study will guide you when preparing technical documentation to successfully trade in the European market.

Ensure your documentation is up-to-date and always readily available as European buyers expect this.

Review this [Safety Data Sheet \(SDS\)](#) for vanilla extract and [Certificate of Analysis](#) for organic vanilla extract.

What additional requirements do buyers often have?

Quality requirements

Quality is important to European buyers of vanilla extract. When one buyer of vanilla extract was asked what their most important requirements were they answered: *“just the quality”*.

European buyers can have specific quality requirements for vanilla extract. For example, when asked if they have specific quality requirements for vanilla extract one buyer answered: “yes we do... it is quite a lot actually”. Indeed, when another buyer was asked what their specific quality requirements are, they stated “vanillin content is probably one of the most important ones” as well as “moisture, microbiology, pesticides and heavy metals”.

There moisture content defines the type of vanilla and its final application. There are different moisture levels of vanilla on the market:

Table 2: Types of vanilla

Type	Moisture Level
Very Dry	15-20%
Red/Rouge	22-25%
TK	30%
Gourmet	35-38%

Source: Vanilla.direct

Red vanilla is also called extraction vanilla and it is used in the production of vanilla extract or natural aromas, as well as vanilla powder. Its lower moisture content is more suitable for processors as they are looking to have more substance per kilogramme to extract. Speak to European buyers to find out their specific requirements, and look to meet those requirements.

European buyers routinely test products they purchase to ensure they meet their quality requirements and are not adulterated or contaminated. Indeed, when asked whether or not they test their vanilla extract a buyer stated: “Yes, we do. Every batch”. So always ensure that all products you send to your buyers meet their quality requirements and are not adulterated or contaminated. If you fail to do so, buyers will probably reject the product they ordered, you will bear the financial consequences, and your business relationship with them will probably end. See the section on EU mandatory requirements for more information on adulteration and contamination.

Tips:

Meet the preferences and specifications that European buyers of vanilla extract have, as it shows your commitment to exporting high-quality vanilla extract. This will make it easier for you to enter the European market.

Only make commitments and reach agreements with buyers if you can guarantee you can meet them. Failing to meet agreed commitments may damage or end your business relationship with them.

Certification

Food safety is important to European buyers of vanilla extract. As such, buyers regularly demand additional certification to prove the added safety and quality of the vanilla extract they buy. Indeed, when asked what they look for in a new supplier of vanilla extract from a developing country one European buyer stated, *“quality things... whether or not they are certified with some food grade certification”*.

European buyers require certification of a food safety management system based on the EU’s Hazard Analysis Critical Control Point (HACCP) system, as outlined in [EU Regulation 852/2004](#) on hygiene of foodstuffs. To trade with European buyers, you should meet their demands for extra certification. This will give you an advantage in terms of entering as well as successfully establishing yourself on the European market. It could also be the basis for developing long-lasting trading relationships with buyers.

The most common certifications demanded by European buyers are:

- International Organization for Standardization (ISO) [22000](#) food safety management system certification and [ISO 9001:2015](#) quality management systems certification.
- Food Safety System Certification ([FSSC 22000](#)) which is based on ISO 2200 and is specifically aimed towards food manufacturers.

Figure 3: Examples of certification



Source: Various

Tips:

Inform European buyers of the standards you meet, as it increases your appeal.

Display certification sought by buyers on your website and marketing materials. It may provide you with an advantage over other competitors, since buyers look for these standards when assessing exporters. [Synthite Industries Pvt. India](#) is an example of a vanilla extract exporter in a developing country doing just that.

Labelling requirements

European buyers of vanilla extract may have additional labelling requirements in addition to the EU’s mandatory labelling requirements. For example, the language spoken in the destination country and measurement units. If required, consider meeting additional labelling requirements as it increases your chances of starting a trading relationship with buyers. Note, unless instructed otherwise by European buyers, you should use English for your labelling and European measurement units, such as kilogrammes.

Tip:

Only agree to meet specific labelling requirements of European buyers if you can meet them. Failing to do so could end your business relationship with them.

Packaging requirements

European buyers demand vanilla extract of the highest quality. Failing to package your product correctly is likely to result in its quality declining on its journey to the European market. This can cause buyers to reject their order and putting the financial burden onto you, as may well end your business relationship.

As such, make sure to preserve the quality of your vanilla extract by using appropriate packaging materials as required by [European legislation on food safety – safe packaging](#). For example, using food grade packaging materials, such as food grade containers. You should also do the following because it preserves the quality of your vanilla extract:

- Using food-grade containers made out of materials that do not react with vanilla extract, for example aluminium, lined or lacquered steel. Packaging material reactive to vanilla extract will harm its quality.
- Filling the headspace of your container with a gas that does not react with vanilla extract, for example, carbon dioxide and nitrogen. This is because headspaces left with oxygen for a long time can have a negative effect on product quality.
- Using clean packaging materials at all times because using contaminated packaging materials is likely to contaminate your vanilla extract.

Additionally, the quality of your vanilla extract can be preserved in other ways. These include ensuring your vanilla extract is kept at an appropriate temperature throughout its supply chain, along with storing it in a dry place. Packaging requirements often differ from buyer to buyer, so speak to European buyers to find out their specific requirements and consider meeting those requirements.

The EU is committed to environmental sustainability and sustainable growth, something it has made clear in its [Circular Economy Action Plan](#) and the [European Green Deal](#). It has set key priorities, such as reducing waste and increasing recyclability.

The EU is therefore putting increasing pressure on European businesses to reduce their waste and increase recyclability through targets and policies. So environmental sustainability is becoming more important to European buyers – a trend that is expected to continue. You should therefore consider using recycled and/or recyclable packaging materials.

Figure 4: Examples of packaging



Source: Various

Tips:

Speak to European buyers to find out if they have specific packaging requirements. Consider meeting them as it can help increase your chances of entering the European market.

Only agree to meet specific packaging requirements of European buyers if you can meet them. Failing to do so could end your business relationship with them.

Inform your logistics provider that your vanilla extract needs to be kept in a cool and dry place on its journey to the European market to preserve its quality.

Consider using recycled and/or recyclable packaging materials, as environmental sustainability is becoming increasingly important to European buyers. Read the [guide on packaging to reduce environmental impacts](#) for information and guidance on ways to do this.

Ensure certified vanilla extract and conventional vanilla extract is physically separated to prevent

contamination.

Payment terms

Payment is central to all trade, and presents risks to all parties involved. Before trading with European buyers, perform risk assessments of the available payment terms. As an exporter of vanilla extract, minimise your risks while working to meet the needs of European buyers.

There are [several methods of payment](#). However, for both importers and exporters, [Letters of Credit \(LC\)](#) are considered to be the safest payment term. This is because an LC lets both parties contact a neutral arbitrator, usually a bank, to resolve any issues. For the exporter, the chosen bank is a guarantor of full payment as long as goods have been dispatched. In such instances, exporters should find new buyers and pay for the return of dispatched goods to avoid further losses.

Based upon their needs, importers and exporters can choose from [several LC payment terms](#). They include standby, revocable, irrevocable, revolving, transferable, un-transferable, back to back, red clause, green clause and export/import. For exporters, standby LC is considered to be the safest, with it being frequently used in international trade. This is because it provides security to both importers and exporters who have little trading experience with each another. Other payment terms include cash in advance, documentary collections and open account.

Tips:

Minimise your risks while working to meet the needs of European buyers. You can do this firstly by assessing your needs, secondly by speaking to European buyers and finding out their needs and thirdly by working out a compromise which satisfies both sides. Do not agree on terms you cannot meet.

See the CBI study '[Tips for organising your export of natural food additives to Europe](#)', which provides guidance on available payment terms used in this sector.

Delivery terms

Before agreeing delivery terms with European buyers, you must carefully consider three important factors: delivery time, volume and cost. This is because failure to meet agreed delivery terms could end your trading relationship with European buyers.

1. Delivery time - European buyers prefer short delivery times. Air freight is usually faster than sea freight. Air freight is also more reliable in regard to on-time delivery. It is important to [note delivery times are usually longer](#) because of the global COVID-19 pandemic; reasons for this include forced quarantine measures and restrictions on the movements of goods.
2. Delivery volume/ quantity of order - The volume of your order is an important factor to take into consideration when choosing a mode of transport. Larger quantities are often cheaper to ship by sea. With smaller volumes air freight can be less expensive, as margins get smaller.
3. Cost of delivery method - It is estimated that sea freight is usually 4-6 times cheaper than air freight. This applies to larger volumes. It is not likely that price of your cargo will increase substantially, if you increase

the volume. Note, the COVID-19 pandemic has increased the cost of air freight, this is likely to change once passenger flights are once again fully operational.

The global COVID-19 pandemic has led to exporters in developing countries facing logistical challenges. Delays and higher transport costs are two key challenges exporters face. Indeed, when asked how COVID-19 has affected their business one European of vanilla extract stated: *“Mainly in cost and transport possibilities, it’s slowed down. The transport price is going up because there are no domestic flights in some of these countries as well as less international flights, so, it takes a little bit more time and it is getting more expensive”*.

These challenges are likely to remain for the foreseeable future, as governments use different measures to try to tackle the pandemic.

Tips:

Be open-minded, flexible, and remember that there will be tensions and trade-offs with European buyers, especially if you are doing business with them for the first time.

Learn about [Incoterms](#). This knowledge will help you when negotiating payment and delivery terms with your potential buyers.

Speak to your logistics provider about what the global COVID-19 pandemic means for you before agreeing terms with European buyers. This is because delivery times could be longer due to the COVID-19 pandemic.

What are the requirements for niche markets?

Certification of organic production

Across Europe there is growing consumer demand for organic products, a trend that is expected to continue. Many European buyers are therefore increasingly looking for certified organic food ingredients. Indeed, when European buyers of vanilla extract were asked if there is demand for organic vanilla several answered “yes”, with one commenting *“yes, of course there is demand for organic vanilla”*. In addition, another buyer commented *“most people are demanding organic vanilla”*.

So as an exporter of vanilla extract you should consider getting organic certification, as it will increase your chances of entering the European market. To market your natural ingredients as organic on the European market, you must meet European Union regulations. You can find information on [EU organic certification](#) on the IFOAM website. Several certification agencies can help you with the conversion process to organic production.

Once certified, many buyers will request a [Certificate of Inspection](#) (COI). If you do not have a COI, you cannot trade your vanilla extract as organic. Although the UK left the European Union in January 2021, the [EU has agreed to recognise the UK as equivalent for organics](#) until 31 December 2023. Demand for certified organic food ingredients is expected to continue in the future.

Figure 5: EU organic logo



Source: ec.europa.eu

Tips:

Consider converting to organic production methods and getting certification because of growing demand for organic food products.

Ensure your organic documentation is up-to-date with changes made by the EU. This is because being up-to-date with changes is a mandatory requirement if you want to trade organic vanilla extract on the European market.

Inform prospective buyers if you already have a COI. You should also display it and the organic certification logo on your company website and marketing materials. This will make your company more appealing to buyers.

Consult the [ITC Sustainability Map](#) for a full overview of certification schemes used in this sector.

Environmental and social sustainability

In recent years, there is growing consumer awareness and demand for environmentally friendly products, and this trend is expected to continue. This is encouraging European buyers to seek ethically sourced ingredients, something which is likely to become more important in the future. European buyers of vanilla extract can therefore request suppliers to meet environmental and social standards.

As an exporter, one way you can do this is by gaining certifications that prove you meet environmental and social standards. Regarding environmental sustainability, consider meeting the standards set by the [UNCTAD BioTrade Initiative](#) and implement the BioTrade Principles. To prove you meet social standards, acquire [FLO Fairtrade](#) certification or meet [FairForLife](#) standards. However, for small-scale producers meeting environmental and social standards is often too costly. You should therefore consider if there is a business case for certification.

Figure 6: Logos of fairtrade certifications



Source: Various

Tips:

Acquire certifications that prove your vanilla extract meets environmental and social standards. Doing so will help you find opportunities in the European market.

Inform prospective buyers about any certification you have that proves that you meet environmental and social standards and display it on your company website and marketing materials. This will make you more appealing to European buyers. [Sambirano Aromatic](#) is an example of company in a developing country that does this well.

Consider if there is a business case for your vanilla extract to meet environmental and social standards, particularly when demand for natural ingredients is expected to increase over the coming years.

2. Through what channels can you get vanilla extract on the European market?

Vanilla is a valuable commodity sourced from a set number of locations globally. It currently only grows in certain countries, including Madagascar, Indonesia, Mexico, Tahiti, Uganda and Papua New Guinea. In the European market, vanilla extract is used in the food sector, personal care sector and pharmaceutical sector.

How is the end-market segmented?

The European market for vanilla extract can be segmented by end-user markets: the food sector, personal care sector and pharmaceutical sector. Figure 7 gives examples of vanilla extract products in the European market by these end-user segments.

Figure 7: Examples of vanilla products in the European market



Source: Various

Food industry

The food industry uses vanilla extract as a flavouring agent and as an aroma in the food, beverages, dairy, bakery, retail and food service segments. [The global vanilla beans and extract market](#) size is predicted to reach approximately USD 4.3 billion by 2025. Europe accounts for a large share of this market, and is expected to remain so.

There is high demand for vanilla from the dairy industry, especially the ice-cream sector. The growing demand for natural ice creams is stimulating demand for vanilla extract. In 2020, high consumer demand for vanilla extract for home cooking led to an increase from the retail sector. Growing consumer awareness of health & wellness issues is generating demand for vanilla extract, as well as stimulating demand for organic vanilla.

As an exporter of vanilla extract in a developing country, you must provide European buyers with a product of the highest quality, as this is essential to the manufacture of good-quality food and drink products. You must therefore ensure your vanilla extract is not contaminated because contaminated vanilla extract suggests poor quality. European buyers interviewed for this study have informed us that they pay particularly close attention to microbiological and heavy metal contamination, as well as the use of pesticides.

Organic vanilla extract is becoming popular in the European food and drink market, something confirmed by buyers interviewed for this study. So, consider acquiring organic certification. Information on acquiring organic certification can be found below 'What are the requirements for niche markets' under the 'Certification of organic production' section of this study.

Personal care industry

The personal care industry uses vanilla extract for its active properties, particularly its antioxidant, anti-inflammatory and antimicrobial properties. It is also used because of its pleasant scent. In aromatherapy, vanilla extract is used for its uplifting, de-stressing and aphrodisiac qualities.

Pharmaceutical industry

The pharmaceutical industry uses vanilla extract for its active properties, particularly its anti-oxidant and anti-carcinogenic properties. Vanilla extract is also used by the pharmaceutical industry as a flavouring agent.

Tips:

Familiarise yourself with the flavouring properties and aromatic properties that vanilla extract offers the food and drink industry. Learning this is important because these are two of vanilla extract's key selling points; prospective European buyers often ask questions about this.

See the CBI study '[What trends create opportunities or risks in the European market for natural food additives?](#)'. This study gives useful information about the European natural food additive market as well as information likely to increase your chances of market access.

Visit trade fairs to test if the industry is open to your product, get market information and find potential buyers. Trade fairs will also give you the chance to speak to end-users and distributors, and to gauge your competition, especially the way they are marketing their products. See the CBI study '[tips for finding buyers on the European natural food additives market](#)' for an overview of trade fairs in this sector.

Through what channels does vanilla extract end up on the end-market?

Figure 8 shows the export value chain for vanilla extract on its journey to the European market. Vanilla is extracted by soaking ground vanilla beans in a solution of alcohol and water. The flavours are pulled from the beans into the alcohol. Sometimes heat is used to accelerate the extraction. Cold-extraction is also possible, resulting in a higher-quality extract.

There are different types of extract of vanilla extract that enter the European market, including oleoresin, infusion and absolute. These types of extracts can differ depending on different type of concentration and extraction process. This product fact sheet focuses on vanilla extracts used as a food additive.

Importer/Distributor

As an exporter in a developing country, the main entry points to the European vanilla extract market are importers/distributors. European importers/distributors often trade a wide range of natural ingredients. Their expertise is in the global sourcing and storing of natural ingredients, ensuring product quality and the documentary and regulatory compliance, along with selling to processors and food and drink companies.

European importers/distributors often travel to developing countries to personally meet their vanilla extract suppliers when assessing their credibility as potential trading partners. Indeed, one European buyer of vanilla extract stated: *"if we have a new supplier, we send our quality manager to go to audit the warehouse and the company"*.

[Doeler](#), [Denk Ingredients](#) and [Nielsen Massey](#) are importers/distributors in the European market. Some importers/distributors such as [Tradin Organic](#), specialise in supplying organic vanilla extract on the European market. Import volumes in this channel can range from tens of kilogrammes to hundreds of tonnes.

Flavour Manufacturer/Processor

European flavour manufacturers/processors often source vanilla extract directly from developing countries, as well as process it there. This is because it provides them with greater transparency and control over product quality. [Symrise](#) is one such company doing this; it has a sourcing project in Madagascar and its own processing facility where it produces both conventional and organic vanilla extract. Flavour manufacturers/processors can also source their vanilla extract from importer/distributors.

Agent

An [export agent](#) is a firm or an individual that undertakes most of the exporting activities on behalf of an exporter, usually for a commission. Agents can be found in developing countries as well as in Europe; however, it is not that common for companies to use agents on the European market. As an exporter from a developing country, you can work with agents who represent and act on your behalf on the European market.

Figure 8: Export value chain of vanilla extract



Source: Ecovia Intelligence

Tips:

Consider expanding your vanilla extract portfolio by including organic vanilla extract, as this is likely to help you find a wider range of customers. A wider product range gives you [more attention on the market](#), thus making you stand out from your competition.

Be prepared to provide high-quality samples to prospective buyers, as they will test your samples to assess whether you are a credible exporter of vanilla extract and someone they can do business with. Ensure you are able to deliver products that have the same consistent quality when they place orders, because that is what buyers expect.

What is the most interesting channel for you?

As an exporter of vanilla extract in a developing country, importers/distributors are the most interesting channel for you. This is because importers/distributors have expertise in importing and distributing vanilla extract in the European market. They also have a good understanding of the European food and drink market and a wide range of customers.

Importers/distributors of vanilla extract in Europe also have storage facilities and an established logistics network. This can be very helpful to small and medium-sized exporters of vanilla extract in developing countries who are just starting to export to Europe.

Importers/distributors usually focus on requirements such as a minimum volume requirements, speedy delivery and the quality of products. Examples of importers/distributors include [Doehler](#), [Denk Ingredients](#), [Nielsen Massey](#) and [Tradin Organic](#).

Tips:

See the CBI study '[10 tips for finding buyers on the European natural food additives market](#)' for an overview of trade fairs in this sector. This study provides guidance on how you can find buyers for the channel you are targeting, particularly importers/distributors who are your main entry point into the European market.

Visit trade fairs to connect with European buyers. You can use trade fairs as an opportunity to expand your network and get the contact details of buyers. Examples include [Anuga](#), [Fi Europe](#) and [BioFach](#).

3. What competition do you face on the European vanilla extract market?

What countries are you competing with?

In your journey to reach the European market, you will be competing with suppliers in both developing countries and developed countries. Strengths often shared by these countries include them having established vanilla extract production and processing facilities. Favourable geographical and climatic conditions for harvesting and cultivating vanilla is another key strength often shared by these countries.

Morocco

According to Eurostat data, in 2020 Morocco was the largest exporter of HS Code 13021905 to Europe; this is the code vanilla extract is traded on in the European market. One of Morocco's key strengths is that it has an established vanilla extract industry. [Morocco's ability to produce good-quality vanilla with aromatic qualities](#), as well as Madagascan bourbon and Tahitian vanilla are its other strengths.

As the largest exporter of vanilla extract to Europe in 2020, Morocco is capable of exporting high volumes. That is important to European buyers, as they often require larger volumes and continuity of supply. Morocco's close proximity to Europe is another of its key strengths. Combined, this gives Morocco a more favourable perception over countries where this may not be the case. However, [Morocco's vulnerability to climate change](#), particularly frequent extreme weather events, as well as water scarcity are challenges that its agricultural industry must face.

Europe

Although Europe does not produce vanilla pods, countries where European processing and extraction companies are located, such as the Netherlands ([Nielsen-Massey](#)), Germany ([Frey & Lau](#)) and France ([Eurovanille](#)), are major sources of competition. This is because European processing and extraction companies have high-tech equipment and well-educated staff required for the extraction of oleoresins, absolutes and infusions.

These countries produce the high-quality vanilla extract that is needed by the food and drinks industry, something important to European buyers. This is one of Europe's key strengths and is likely to give buyers a more favourable perception compared to countries where this may not be the case.

The closer proximity to buyers, similar business culture, as well as the greater ease of doing business are some of Europe's other key strengths. These factors are likely to result in buyers perceiving Europe more favourably compared to areas where this may not be the case.

United States

Eurostat data showed that the United States (US) was the third-largest exporter of vanilla oleoresin with an HS Code of 13021905 to Europe in 2020. Similar to Europe, the US has an established vanilla extract processing and extraction industry. This results in high-quality vanilla extract being produced, which is important to European buyers because it is needed by the food and drinks industry. This is likely to give buyers a more favourable perception of the US compared to countries where facilities are not as advanced. This is one of the US's key strengths.

Madagascar

According to Eurostat data, in 2020 Madagascar was the fourth-largest exporter of vanilla oleoresin with an HS Code of 13021905 to Europe.. [Madagascar has favourable geographical and climatic conditions for harvesting and cultivating vanilla](#) which is why it is a major producer and supplier of vanilla. Suppliers are capable of exporting high volumes, which is important to European buyers who require large volumes and continuity of supply. However, vanilla-related crimes such as theft as well as climate change are [challenges that the](#)

[Madagascan vanilla industry](#) must face.

The ability to produce good-quality vanilla, considered by some as being the 'gold standard for quality vanilla' is another of Madagascar's key strengths. Indeed, when one European buyer interviewed for this study was asked about the quality of Madagascan vanilla they stated, "*it is the best quality*". When asked the same question another buyer answered, "*it is of high quality*".

European buyers generally have a favourable perception of Madagascan exporters. For example, one buyer revealed: "*I see them in a positive light. I normally have a positive experience with exporters. They do their best to help and assist and listen to us as a customer and adhere to whatever requests we have*". Madagascan exporters are also perceived as being reliable, trustworthy and transparent.

Dominican Republic

Eurostat data showed that the Dominican Republic was the fifth-largest exporter of vanilla oleoresin with an HS Code of 13021905 to Europe in 2020. Parts of the Dominican Republic have suitable geographical and climatic conditions for [vanilla cultivation](#); this is one of the Dominican Republic's key strengths. However, European buyers requiring high volumes and continuity of supply may perceive the Dominican Republic less favourably compared to countries that are able to provide larger volumes and continuity of supply.

India

According to Eurostat data, in 2020 India was the sixth-largest exporter of vanilla oleoresin (HS Code 13021905) to Europe. One of India's key strengths is that it is one of the few developing countries with a processing and extraction industry capable of producing oleoresins and absolutes. [India's vanilla industry](#) is developing, with subsidies being available from local governmental and agriculture departments. It could therefore become easier for Indian exporters to export vanilla extract to the European market.

Indian vanilla has a lower vanillin content compared to Madagascan vanilla, which gives Madagascar a competitive advantage. This can result in buyers perceiving India less favourably than countries able to provide a product with a higher vanillin content.

Tips:

Find out if your country has programmes to help exporters like you cultivate and export vanilla and produce vanilla extract. Contact government ministries of trade in your country as they are likely to have information about this, and may be able to provide assistance in exporting your vanilla extract.

Position yourself against suppliers in competing countries. For example, exporters in countries offering higher-quality vanilla extract compared to other countries should tell European buyers about this. Doing so makes them more appealing to buyers.

What companies are you competing with?

Several established companies in developing countries are successfully exporting vanilla extract to the European market. These companies market themselves as being able to deliver high-quality vanilla extract that meets common European buyer requirements, as well as requirements for niche markets. These companies therefore appear reputable and have credibility in the European market.

Madagascan companies

[Sambirano Aromatic](#) is a Madagascan exporter of vanilla extract . One of its key strengths is its commitment to upholding social responsibility standards, something it demonstrates with its Fairtrade certification. Another of Sambirano Aromatic's key strengths is its ability to export a range of vanilla oleoresin products, something it clearly informs prospective buyers about on its professional website.

Indian companies

[Synthite Industries Pvt. India](#) is a significant vanilla extract supplier. It is a well-established Indian company that exports vanilla oleoresin to the European market. One of the company's key strengths is its ability to export a range of high-quality vanilla oleoresins.

Importantly, Synthite Industries Pvt. India has [Food Safety System Certification \(FSSC\) 2200](#) to demonstrate it has good food management standards in place for its products and [International Organization for Standardization \(ISO\) 9001:2015](#) certification proving it has a quality management system in place during production. It also has a strict quality control system with an in-house laboratory in place. Synthite Industries Pvt. India's ability to clearly inform prospective buyers about this on professional website is another of its key strengths.

Tips:

Consider acquiring certification that proves the high quality of your vanilla extract. For example, having [FSSC 2200](#) and [ISO 9001:2015](#) certification.

Consider acquiring certification that proves you meet and uphold organic and social standards. For example, [European Union \(EU\) Organic](#) and [Fairtrade](#) certification.

Ensure you have a professional website with well-prepared content which clearly informs prospective buyers of your key strengths, such as your emphasis on exporting vanilla extract of the highest quality and any certifications you might have. Doing so is likely to make you more appealing to buyers, increasing your chances of entering the European market.

What products are you competing with?

Vanillin

Vanillin is a synthetic alternative to vanilla extract that shares a similar flavour and aromatic profile. As a result, vanillin has wide applications in the food and drink industry as a flavouring agent and as an aroma. Advantages of synthetic ingredients such as vanillin include consistency of quality, greater reliability of supply, and less price fluctuations as it is not susceptible to weather conditions and harvests. In addition, depending on its application in the food industry, vanillin can be modified by formulators.

A key weakness of vanillin is that compared to vanilla extract it has a less creamy flavour and aromatic profile. Although vanillin can potentially replace natural vanilla extract, several large food and drink manufacturers have committed themselves to only using natural flavourings in their products. Drivers behind this include the rising health-consciousness of European consumers and their willingness to spend more on high-quality products. This could limit future demand for vanillin. However, the higher price of vanilla extract compared to vanillin prices can restrict the application of vanilla extract to the high-end segment of the food and beverages market.

Figure 9: Vanillin



Source: Wikimedia Commons

Tip:

Familiarise yourself with vanillin. Learn about its strengths and weaknesses. Following this, inform European buyers about vanilla extracts competitive advantages over synthetic vanillin. For example, its superior flavour and aromatic profile.

What are the prices for vanilla extract on the European market?

Vanilla prices have always been volatile. The main causes of price fluctuations are bad weather conditions, such as cyclones in 2000 and in 2017. Vanilla prices dramatically increased when major food producers announced a switch to natural vanilla instead of synthetic vanillin. Figure 10 shows the evolution of vanilla export prices between 2015 and 2019.

In 2020, vanilla prices decreased. The rise in demand for home cooking due to COVID-19 made the price fall. The government of Madagascar also introduced a set export price of USD 350 per kilogramme in February 2020 and USD 250 per kilogramme later that year. The price was lowered because they anticipated a large vanilla harvest. According to feedback from the industry, this price was well above the real market prices, which was discouraging for many major international buyers. There was a shift towards alternative sources of vanilla that operate as free markets, such as Indonesia, Uganda and Papua New Guinea.

In spring 2021, the price of vanilla on the European market was around USD 180-300 per kilogramme (FOB). Organic vanilla ranges between USD 400-600 per kilo (FOB). The prices of vanilla extract varies, depending on type, but organic vanilla extract is priced at about USD 261 per litre and vanilla absolute is sold at around USD 220-260 per litre.

Figure 11 shows price breakdown of vanilla extract. Prices of vanilla and vanilla extract vary between countries and fluctuate constantly.

Tips:

Be flexible with prices when buyers request large volumes. You can offer them a discount once you establish a relationship with them.

Certification schemes allow you to charge a premium for your vanilla. Ensure you can justify your price with relevant certifications.

This study was carried out on behalf of CBI by [Ecovia Intelligence](#).

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