

Coffee, tea and cocoa**The EU market for herbal infusions****Publication date: August, 2008****Report summary**

This CBI market survey discusses the following highlights for the EU market for herbal infusions:

- Total EU consumption of herbal infusions exceeded 44 thousand tonnes in 2006, driven by trends of new tastes and more healthy and functional products. Germany is the main consumer and producer of herbal infusions but, together with the UK and France, the market is somewhat saturated. There are, however, still interesting opportunities in the field of new, authentic, exotic taste and organic and functional herbal ingredients.
- Between 2003 and 2007, imports of aromatic plants increased by an average of 6% annually, amounting to € 410 million in 2007. In the same period, imports of maté amounted to € 5.1 million, representing an average annual increase of 22%, whereas imports of anise and badian seeds reached € 6.9 million, indicating an increase of 4% per annum.
- Developing countries play an important role in supplying herbal infusions and their ingredients, accounting for 41% of aromatic plants, 67% of maté and 70% of anise badian seeds imported by the EU member countries.
- Almost all herbal infusions consumed in the EU are blended within the EU, by the companies which are familiar with the market trends and needs. Blenders are buyers for developing country producers often through, or integrated with, traders.

This survey aims to provide developing-country exporters of herbal infusions with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market(s) for one product(group), this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market surveys 'The coffee, tea and cocoa market in the EU' and 'The herbs and spices market in the EU', which can be downloaded from <http://www.cbi.eu/marketinfo>

Detailed information on the selected product(group) is given in appendix A. This survey discusses the EU in general and the following markets in particular: Germany, France, Italy, Spain, United Kingdom and The Netherlands.

1 Market description: consumption and production**Consumption**

Total EU consumption of herbal infusions exceeded at least 44 thousand tonnes in 2006, showing an annual decrease of 0.1% compared to 2002. Although many innovations take place on the herbal infusion market, the stagnating growth shows the increasingly saturated status of the market. Whereas many new product innovations in terms of mixed teas and infusions and packaging have been introduced to the market, total consumption of herbal infusions and hot drinks in general has not increased that much. Unfortunately, no consumption data in terms of value exist to confirm this.

Because of the saturating market for herbal infusions and the strong competition taking place in the largest markets, not much growth in terms of volume is expected for the future. In terms of value, quality and diversification, however, still some developments and opportunities are expected.

Table 1.1 The market for herbal infusions, 2002-2006, in tonnes

Country	2002	2004	2006
Total EU*	43,064	49,226	44,699
Germany	33,986	38,132	37,306
France	3,028	3,115	2,989
United Kingdom	1,274	1,350	1,595**
Spain	n.a.	1,350	n.a.
Italy	670	674	1,002
The Netherlands	716	830	811

* Includes the 6 markets, Austria and Belgium.

** 2005

Source: EHIA, 2007

Table 1.1 shows that Germany is by far the largest EU consumer of herbal infusions, followed by France and the United Kingdom. Together with Spain, Italy and The Netherlands, the latter two countries represent relatively small but growing markets for herbal infusions.

Next to the six largest markets which will be discussed more in detail below, Austria is an interesting market for herbal infusions. Although Austria is a small importer of herbs for infusions - most trade takes place through Germany - it is the third largest consumer of the hot drink in the EU, with consumption amounting to 2,591 tonnes. In 2006, Austrians drank around 81 litres of herbal infusions per year, compared to 45 litres of normal black or green tea, which is a unique ratio compared to other EU countries. In 2006, the Austrian herbal infusion market increased by 0.4%, representing the largest tea segment in the country.

Germany

Germany represents the largest EU market for herbal infusions with a total consumption of 36.3 thousand tonnes in 2007. The hot drink is popular with all kind of population groups, ranging from young to old. German herbal infusion consumers used to have a preference for plain unblended products such as peppermint, camomile and increasingly also rooibos, making up approximately 60% of total herbal infusion consumption. Peppermint is the most popular herbal infusion with a total consumption of 6,115 tonnes in 2007, showing some stagnation compared to earlier years.

Table 1.1 The German market for herbal infusions, tonnes, 2007

	2007	vs. 2006
Total	36,336	-2.6%
Single herbal infusions:	21,072	-5.5%
<i>Peppermint</i>	6,115	0%
<i>Camomile</i>	4,308	-3.5%
<i>Fennel</i>	3,803	-3.4%
<i>Rose-hip</i>	3,122	-4.6%
<i>Rooibos</i>	2,805	+4.8%
<i>Other</i>	919	-49.8%
Mixes:	15,264	+1.7%
<i>Flavored</i>	11,024	-0.8%
<i>Non-flavored</i>	4,240	+8.9%

Source: WKF (Wirtschaftsvereinigung Kräuter- und Fruchtee), 2008

German consumers increasingly discover mixes of herbal infusions and this segment saw its share increase by 1.7%. Especially non-flavoured mixes saw their market share increase: by 8.9% between 2006 and 2007. Also popular are ayurvedic blends, chai and herbals which play a role as ingredients to wellness teas which increasingly are a response to natural health solutions.

Although future price increases are expected by the German Herbal Infusion Association because of general global price increases of raw ingredients, herbal infusions will remain a popular drink on the German market.

France

France is the second largest herbal infusion market of the EU, but with a far smaller consumption than Germany, almost 3 thousand tonnes in 2006. In France, herbal infusions are known as tisanes and originate from a long tradition, whereby herbals are prepared and consumed for their medicinal benefits. In the last couple of decades, the market has evolved towards more creative blends focusing on pleasure, exotics and well-being. Whereas in the past, herbal infusions were sold as loose leaves, nowadays 90% of the volume is sold as tea bags.

The French consumption profile cuts through a large range of varieties, from pure herbal infusions such as verbena, lime blossom and peppermint to combinations of herb and fruit flavoured recipes, including liquorice, lemon and red fruits. Although traditional tisane preferences for mild and even bland concoctions retain, the consumption pattern shifts to fruitier infusions.

By far the majority of herbal infusions is drunk in the evening, especially during winter time. French consumers of herbal infusions are for 50% under 50 years old and for 65% women.

United Kingdom

The UK is the third largest EU market for herbal infusions, but comparable with the Italian and Spanish market. The UK has a long tradition in tea drinking, usually drunk mixed with milk, but has experienced a decline in the tea market and consumers are turning to specialty, herbal and fruit teas. Between 2004 and 2005, the UK market showed a growth of 15% and almost a quarter of all households is familiar with buying herbal infusions.

Whereas herbal infusions were once regarded as a form of complementary medicine, they are now seen as a lifestyle choice. Variety is important for UK consumers and supermarket offerings for example the on-line shop <http://www.teaworld.co.uk> reflect this. Single preparations, however, such as camomile and peppermint represent the largest unit sales. Emerging trends within the market included rooibos and honeybush, as well as many 'benefit' products to give energy, to calm, detox etc. Although not 100% herbal, an increasingly popular re-introduced tea is chai, combining black tea with spices (cardamom, pepper and cinnamon) and milk.

The UK herbal infusion market is related to the winter season, having a sales dip from early June to late August.

Spain

Not much information is available for Spain on the consumption of herbal infusions. In recent years, the herbal infusion market has been driven by a growing awareness of health and wellness and consumers switching from coffee to tea, which has a healthier image. Also the ageing population of Spain contributes to the growing popularity of herbal infusions. One of the common ways of gaining access to herbal infusions is through the Internet, where one can find numerous offers. Other sales channels in Spain included door-to-door sales. Popular herbal infusions are chamomile, mint and rosehip.

Italy

During 2006, 1,020 tonnes of herbal infusions were sold in Italy, showing an increase of more than 40% compared to the previous year. Chamomile is the most common herbal infusion, usually drunk at night, and in 2006 the sales of chamomile amounted to 275 tonnes. Other herbs such as fennel, fruit and herbal blends, mallow and hibiscus are emerging as well.

Instant herbal infusions are quite common in Italy. Instant camomile is preferably consumed by infants as it meets their kind of food intake and has a pleasant taste.

According to Euromonitor (2008), sales of hot drinks are expected to continue to increase, although at very modest growth rates. Regarding tea, healthy products such as green tea and fruit/herbal tea are expected to be the most dynamic.

The Netherlands

Total herbal infusion consumption amounted to 797 tonnes in 2007. The Netherlands represent a relatively small but growing herbal infusion market. Dutch people drink around 100 litre of tea per year and whereas in the past this only concerned black tea, a whole range of teas and infusions is now available. 80% of the hot drink is consumed at home, while 20% out of home. Next to rooibos, liquorice is a popular ingredient used for herbal infusions on the Dutch market. The latter, however, received some negative attention in 2008 because of the effect of glycyrrhizin found in liquorice, potentially raising blood pressure.

Market segments

The herbal infusion market can be segmented according to the different uses of consumers:

- As a **hot beverage**, comparable to regular black or green tea, drunk at home, in restaurants or bars, or in the office. Consumers of this category range between all ages, but are mainly middle class urbanised women looking for alternative and new tastes. Increasingly, upscaling brands targeting higher end markets are becoming active within the herbal infusion segment. Popular herbal infusions in this category are rooibos, verbena, mint, camomile and mixed infusions.
- As a **functional drink**, representing the crossover segment between food, pharmaceuticals and cosmeceuticals. Consumers drinking this kind of herbal infusions are striving for healthy life styles, have a preference for natural and pure food and are mainly represented by middle class urban population. Popular herbal infusions in this category are fennel (weight loss) and chamomile (relaxation) and mixes are increasingly enriched with vitamins, ginseng or Echinacea. It should be noted that this segment shows some overlap with the first mentioned segment.
- As a **healthy drink or medicine**, to prevent or treat an illness. Although this segment is represented by mainly older consumers familiar with herbal medicine, younger people are also interested in natural alternatives. Common herbs used are for example thyme, artichoke and St John's wort and the most popular infusions are laxative teas, bronchial teas and kidney-bladder teas. Requirements for this segment are different than for the first two mentioned and follow pharmaceutical and herbal medicine instead of food regulations.

Since there is an overlap between the three segments, it is difficult to give an estimation of the importance of each segment, although it can be assumed that herbal infusions used as a hot drink is the most important segment. Herbal infusions used as a medicine is representing the smallest market and most popular in Germany and the UK.

Trends

The consumption of herbal infusions is mainly driven by the trend of more healthy life styles and the trend of product diversification. These two drivers will be further explained below.

These days, healthy life styles are closely associated with the natural trend and the use of natural ingredients. As a result of technological developments (Internet and R&D), information on the effects of the use of certain ingredients is increasingly available. For example, many reports on the negative effects of caffeine, an important ingredient of coffee and regular tea, have been published in recent years. At the same time, the news on positive effects of green tea, rooibos, lemongrass etc. drove up the market for alternative hot drinks such as herbal infusions. Another factor in favour of the consumption of herbal infusions is the lower levels of

tannin in such products, a substance in regular tea which is avoided by an increasing number of consumers. Finally, the ageing EU population is making consumers more aware concerning their health and related life styles. Being physically active and eating healthy food such as fruit and vegetables are seen as important aspects of a healthy life style.

Secondly, as a result of globalisation and a “consuming-and-experience-culture”, consumers increasingly look for new and exotic tastes. Next to health, pleasure is an important aspect of modern food and drink consumption. Companies offering herbal infusions increasingly have to look for new products with exotic tastes. On the other hand, the trend of product diversification is also the result of individualism, due to increasingly smaller or one-person households requiring single packaging. Since the main EU markets for herbal infusions are more or less saturated, companies go for marketing specific upscale niche products where growth seems assured. Upscaling opportunities can be found in new tastes, but also in blending/mixing and packaging. Good examples of advanced packaging are the pyramid teabag, individual packaging for out-of-home use and a mini travel tin of Revolution tea (<http://www.revolutiontea.com>). Finally, herbal infusions are also available as ice tea (or mixed with ice tea).

Since there is still much room for growth in the non-saturated EU markets for herbal infusions, growth of the total EU market of herbal infusions can be expected for the future. Regarding the more saturated markets (Germany, UK, France and The Netherlands), further product development within products offered can be expected.

Production

This section discusses the EU production of the herbal inputs for infusions. Again, not much information in terms of values produced is available to report here.

The European Herb Growers Association, EHGA, estimates the total EU herbal production on almost 10,000 hectares. Almost 21,000 growers are active in herbal production. Total production of herbs which also find their application in infusions can be estimated at around 3,868 hectares (see Table 1.3).

Germany is the largest EU producer of herbs for infusions, with around 1,200 hectares used for cultivation hereof. France and the UK follow with respectively around 700 and 800 hectares. Herbal production for infusions in The Netherlands is negligible.

According to the Spanish Association for Herbs and Spices, Spain produces aniseed, fennel and fenugreek in the following provinces: Castilla La Mancha, Murcia Aragon. Cataluña and Andalucía. Although often not officially reported, East European countries are relatively important producers of herbs.

Total EU production of herbs remained quite stable compared to previous years. Total herbal production in Germany and Italy decreased, however, while production in the United Kingdom, France and The Netherlands slightly increased. The share of organic herbal production is growing. The organic share increased from 2% to 5% between 2003 and 2004 and, for the subsequent years, further growth can be expected.

Table 1.3 Indication of total area cultivated selected herbs in the EU and in the selected markets, in hectares

Crop/Species:	Crop/Species:	Area cultivated					The Netherlands
		EU	Germany	France	UK	Italy	
English name	Latin name						
Aniseed	<i>Anisum vulgare</i>	83	14	0		1	
Safflower	<i>Carthamus tinctorius</i>	5					
Globe artichoke	<i>Cynara scolymus</i>	92	26	66			

Crop/Species:	Crop/Species:	Area cultivated					
		EU	Germany	France	UK	Italy	The Netherlands
English name	Latin name						
Fennel	<i>Foeniculum vulgare</i>	651	201	51	18	1	20
Fennel	<i>Foeniculum vulgare ssp. Dulce</i>	21		21			
Licorice	<i>Glycyrrhiza glabra</i>	75				75	
Peppermint	<i>Mentha piperita</i>	967	271				
Mint	<i>Mentha spp</i>	271		144	344	214	5
Wild bergamot	<i>Monarda fistulosa</i>	31		31			
Marjoram	<i>Origanum marjorana</i>	558	529	9	2		
Ginseng	<i>Panax spp</i>	9	5		4		
Rosemary	<i>Rosmarinus officinalis</i>	158	5	89	36	28	
Sage	<i>Salvia officinalis</i>	289	35	24	193	10	5
Wild thyme	<i>Thymus serpyllum</i>	1		1			
Common thyme	<i>Thymus vulgaris</i>	624	141	263	179	2	20
Fenugreek	<i>Trigonella foenum-graecum</i>	28		10	18		
Bilberry	<i>Vaccinium myrtillus</i>	5		5			

Note: for Spain, no data are available

Source: EHGA (2005)

Almost all herbal infusions consumed in the EU are blended within the EU. These blenders are not competitors to developing country producers, but are buyers (often through, or integrated with, traders), because developing countries often do not play a role on the European market for final products of infusions. EU processors of herbal infusions are discussed in combination with the trade structure of tea in chapter 2. Here, also names of interesting players which work on both the import and the processing of herbs for infusions can be found.

Trends

The most important trend influencing the size of the EU production of herbs for infusions is the shift and outsourcing to cheaper production locations. Eastern European and Balkan countries, located relatively close to the EU market, offer interesting opportunities for EU producers of herbs. The relocation of production could lead to a decrease of the production of herbs in the European Union.

Another important trend is the increasing production of organically grown herbs. The market for organic products continues to expand. Besides, organic is often seen as healthier and thus stepping into health trend opportunities. Moreover, both at national as at European level, governments are supporting farmers that go for organic production.

Regarding the processing and blending of infusions, leading manufacturers have introduced an extensive variety of new flavours through the combination of various herbs in recent years. This is also a result of the earlier discussed consumer trend towards more exotic tastes and the increasingly saturated herbal infusion market.

Opportunities and threats

- + Suppliers who are able to offer very high quality products, with respect to essential oil content and flavour, consistency of supply, product safety and packaging, have good opportunities in niche markets and other discriminating market sectors.
- + More established EU markets of herbal infusions (Germany, UK, France and The Netherlands) offer good opportunities for niche products. New, authentic, exotic herbs and functional herbs are interesting, but also products combining the health and pleasure trends.
- + Suppliers who are able to offer larger, consistent quantities have also good opportunities.
- + East European markets are growing markets and offer good opportunities in terms of expanding supply quantities.

Useful sources

- European Herbal Infusions Association (EHIA) - <http://www.ehia-online.org>
- European Herb Growers Association (EHGA) - <http://www.europam.net>
- ITC's 'Marketing Manual and Web Directory for Organic Spices, Herbs and Essential Oils' - http://www.intracen.org/mds/sectors/spices/manual_2.pdf

2 Trade channels for market entry

Trade channels

To gain more extensive information on the distribution chain of herbal infusions, it is also useful to read the chapters on trade channels of the CBI market surveys 'The coffee, tea and cocoa market in the EU' and 'The herbs and spices market in the EU'. In general, ingredients used for herbal infusions follow the trade structure of herbs used as food ingredients. Here, the bulk of the trade enters the EU through a small number of major brokers and traders/importers. 85% of the herbs is imported in dried and crude form (not having been further processed in the country of origin); processing occurs after importation by the companies which are familiar with the market trends and needs. Processing activities consist of sorting, cutting, mixing and packaging.

Next to a few large players in the herbal trade, there are a few specialised traders for (organic) herbal infusions. In some cases, importers of regular black/green tea have added herbal infusions to their assortment and also import herbs. Moreover, while some of the herbs are traded through importers and further processed at companies handling the packaging, marketing and sales, there is also an increasing number of companies taking care of both the imports and the further processing and marketing. Thanks to direct sourcing, the herbs used in the infusions can be traced back to the fields from where they were grown. Traceability, especially for the market of herbal infusions, where transparency and sustainability are closely related with the product quality, is increasingly important.

Most opportunities for developing country suppliers lie in the field of exporting ingredients for herbal infusions and not so much in finished herbal infusion products. The most popular retail channels for herbal infusions are supermarkets/hypermarkets. Moreover, specialty shops for coffee and tea, or organic products and health shops, are especially interesting for herbal infusions.

Interesting players

Germany:

- Bad Heilbrunner Naturheilmittel GmbH & Co. - <http://www.bad-heilbrunner.de>
- Martin Bauer GmbH & Co. KG - <http://www.martin-bauer.de>
- Kräuter Mix GmbH - <http://www.kraeuter-mix.de>
- J. Bünting Teehandelshaus GmbH & Comp. - <http://www.buening-tee.de>
- Florapharm Pflanzliche Naturprodukte GmbH - <http://www.florapharm.de>
- TeeGschwendner GmbH - <http://www.der-teeladen.de>
- H & S Teegesellschaft mbH.&Co. KG - <http://www.hstee.de>
- Dethlefsen & Balk - <https://www.dethlefsen-balk.de>
- Jürgen Serr Herb-Service - <http://www.herb-service.de>
- Ulrich Walter GmbH - <http://www.lebensbaum.de>

France:

- Lipton (Saveurs du Soir and Elephant) - <http://www.lipton.fr>
- Betjeman en Barton - <http://www.betjemanandbarton.com>
- Cailleau Herboristerie - <http://www.herbo-cailleau.com>
- Thés George CANNON - <http://www.georgecannon.fr>
- Dammann Freres - <http://www.dammann.fr>
- Foods International (La Tisanière) - <http://www.latisaniere.com/contact.php>

- Pagès - http://www.pages.fr/gb/accueil/ACC_accueil.asp
- Solinest (Tetley) - <http://www.solinest.com>
- Unilever France - <http://www.unilever.fr>
- Tisanes Fouché - <http://www.fouche1820.com>
- Arcadie S.A. - <http://www.arcadie-sa.fr>

The United Kingdom:

- Twinings - <http://www.twinings.com>
- Unilever / PG tips - <http://www.pgtips.co.uk/teas>
- Pukka - <http://www.pukkaherbs.com>
- Pure Tea - <http://www.puretea.uk.com>
- Hambleden Herbs - <http://www.hambledenherbs.co.uk>
- Organic Herb Trading Company and the related Organic Partners - <http://www.organicherbtrading.com> and <http://www.organicpartners.com/index.html>
- Clipper Teas - <http://www.clipper-teas.com>
- Dragon Teas - <http://www.dragonflyteas.com>
- Hampstead Tea - <http://www.hampsteadtea.com>
- Dr. Stuarts - <http://www.drstuarts.com>
- Birt & Tang - <http://www.birtandtang.co.uk>
- Taylors of Harrogate - <http://www.taylorsofharrogate.co.uk>

Spain:

- Unilever - <http://www.unilever.es>
- Sara Lee (Hornimans) - <http://www.saralee.com> and <http://www.pickwicktea.com/es/home>
- Pompadour - <http://www.pompadour.es/user/index.html>

Italy:

- Star - Stabilimento Alimentare SpA - <http://www.star.it/default.aspx?idPage=446>
- D&C SpA - <http://www.dec.it/site/prodotti-categoria/catprod-7>
- I Giardini del Te - <http://www.giardinidelte.it>
- Darmar - <http://www.darmar.it>
- Viropa Import - <http://www.viropa.it>

The Netherlands:

- Sara Lee (Pickwick) - <http://www.saralee.com>
- Royal Wessanen B.V. - <http://www.wessanen.com> and <http://www.zonnatura.nl>
- Unilever Bestfoods Nederland B.V. - <http://www.unilever.nl>
- Drie Mollen - <http://www.driemollen.nl>
- KIT BV Golden Temple Natural Products - <http://www.goldentemple.nl>
- Jacob Hooy - <http://www.jacob-hooy.com>
- Organic Flavour Company B.V. - <http://www.ofc.nl>

Price structure

Although it should be noted that different prices and margins apply throughout the various trade channels of different herbs used for different infusions, a rough indication of the price and cost structure can be given.

In general, 20% of the consumer price represents local production (cultivation and/or wild-collection of herbs). Further processing including cleaning, sorting, grading, cutting, grinding, mixing takes around 30% of the price. In most cases, further processing takes place at a manufacturer located in the final market. Finally, 50% of the price is reflected in the final packaging, marketing and sales of the infusions. Of course, it depends on the number of intermediaries, the targeted segment, quality and availability of the herb, etc. how exactly the margins are distributed over the mentioned stages of the supply chain. Sometimes, the packaging can even take more than 50% e.g. in the case of pyramid teabags.

The price premium for certified organic herbs for infusions amounts to 10% to 30% of the price. In cases of shortages or decorative use (i.e. marigold or cornflower), the price premium can even be 50%. Moreover, the Fair-Trade premium for Rooibos, Camomile, Mint and Hibiscus is set at € 0.50 per kilo (Fairtrade Labelling Organizations International, 2007).

Selecting a suitable trading partner

The best ways for exporters in developing countries to approach potential trading partners in the European market are:

- Conduct market research in order to identify in which countries and (niches in) markets where you have the best chances and try to identify the best potential partners/buyers.
- Direct mail: You can write a letter, e-mail, fax, or preferably, phone a European company. Most companies will probably respond that they are not interested or that they already carry a competitive line. However, only a few positive replies are needed to continue your search and evaluation of prospective distributors.
- Personal visits: Once you have received a number of "interested" replies, plan a trip to that market. Try to combine that trip with, for instance, a leading trade fair like the BioFach or Food Ingredients.
- Additionally while travelling, stop in other potential markets to assess the situation, as well as attempt to make contacts. Many times a personal visit will pay for itself in terms of the benefits gained.
- Invite EU importers or potential business partners to visit your company and production site.
- Visit international trade fairs like the ones mentioned above and under Chapter 6.

Websites where you can find contact details of potential trading partners are:

- European Herbal Infusions Association (EHIA), <http://www.ehia-online.org>

3 Trade: imports and exports

The trade statistics in this chapter should be interpreted with caution. Trade figures do not make a distinction concerning the products' destination markets. Most of the products discussed in this survey have applications in other food products, but also in pharmaceuticals, perfumes and other purposes.

As is described in Appendix A, there is no specific HS code for the group of herbal infusions. Most of the herbs used in infusions are classified under the group 'other plants and part of plants' (HS code 12119085). In the text below, this product group will be called 'aromatic plants.' Next to aromatic plants, the trade in 'maté', the only herbal infusion for which a separate HS codes exists, will be dealt with. However, this product, which is a very popular drink in Latin America, comprises only a small portion of the EU herbal infusion trade and is being consumed in a relatively small group of EU member countries. Finally, the product group of anise and badian seeds are a popular ingredient for herbal infusions and hence will also be discussed, though only briefly.

Imports

Aromatic plants

In 2007, EU member countries together imported 139 thousand tonnes of aromatic plants, representing a total value of € 410 million. Since 2003, imports of this product group increased at an average annual rate of 6% in terms of value and 2% in terms of volume. This reflects an increase in the average import price per kg of € 2.59 in 2003 to € 2.95 in 2007.

The six markets discussed in this survey together account for 75% of the total EU imports value of this product group in 2007. Of these markets, UK imports decreased slightly and Dutch imports remained unchanged during the survey period. The other selected markets have

been able to increase imports by an annual average rate ranging from 3% to 7% annually. Another potentially interesting market is Belgium, which held an EU market share of 7.5% of the total EU imports in 2007 and also recorded a high average increase of 9% per annum.

Somewhat more than 40% of total EU imports of aromatic plants is derived from intra-EU sources. This share of imports increased slightly more (+7% annually in value and +3% annually in volume) than overall imports, amounting to € 166 million / 72 thousand tonnes in 2007. This increase was largely due to China and Turkey, both of which managed to increase their supplies by relatively high annual growth rates of 13% and 14% respectively.

Of the leading intra-EU suppliers, Poland and Bulgaria witnessed the largest average annual increases in their supplies to the EU, at +15% and +12% respectively. Outside the EU (excluding developing countries) Israel showed the largest average annual increase during the survey period, at +11%.

**Table 3.1 Imports and leading suppliers of aromatic plants
2003 – 2007, share in % of value**

Product	2003 € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 Share in %	Share (%)
Total EU	153	158	179	Intra-EU: Germany (9%), Poland (8%), France (6%), Bulgaria (4%), Austria (2%)	44%
	54	64	65	Extra-EU ex. DC*: USA (7%), Israel (6%)	16%
	125	136	166	DC*: China (6%), India (4%), Morocco (4%), Egypt (3%), Turkey (3%)	41%
Germany	33	37	41	Intra-EU: Poland (18%), Bulgaria (9%), Austria (4%), France (2%), Hungary (1%)	38%
	12	14	9	Extra-EU ex. DC*: USA (5%), Australia (2%)	8%
	46	46	59	DC*: Egypt (7%), Chile (6%), China (6%), Turkey (5%), India (5%)	54%
France	27	23	29	Intra-EU: UK (13%), Italy (9%), Belgium (7%), Germany (6%), Bulgaria (5%)	53%
	2	1	2	Extra-EU ex. DC*: Israel (2%), USA (0.8%), New Zealand (0.4%)	3%
	19	22	24	DC*: Morocco (10%), China (7%), India (4%), Turkey (4%), Cameroon (2%)	44%
Italy	17	17	20	Intra-EU: France (13%), Germany (9%), Austria (7%), The Netherlands (4%), Belgium (3%)	42%
	8	11	10	Extra-EU ex. DC*: USA (18%), Israel (2%), Bahamas (0.6%)	21%
	10	11	17	DC*: Tunisia (8%), India (6%), China (3%), Turkey (3%), Croatia (3%)	36%
Spain	18	17	16	Intra-EU: Germany (16%), Hungary (9%), France (8%), Bulgaria (7%), Poland (3%)	45%
	2	2	1	Extra-EU ex. DC*: USA (1.3%), Russia (0.4%)	2%
	11	14	19	DC*: China (13%), India (9%), Morocco (6%), Ghana (6%), Egypt (3%)	53%
United Kingdom	15	15	13	Intra-EU: Germany (15%), France (12%), Belgium (6%), Italy (3%), The Netherlands (0.9%)	38%
	12	9	12	Extra-EU ex. DC*: Israel (13%), USA (12%), Australia (3%), New Zealand (3%), Canada (3%)	35%
	9	12	9	DC*: China (12%), India (5%), Turkey (2%), Egypt (2%), Colombia (2%)	27%
The Netherlands	5	4	4	Intra-EU: Germany (9%), Belgium (4%), Poland (2%), UK (0.7%), France (0.7%)	17%
	5	5	4	Extra-EU ex. DC*: Israel (9%), USA (6%)	15%
	13	15	16	DC*: Kenya (39%), South Africa (6%), Turkey (5%), Morocco (3%), India (3%)	68%

Source: Eurostat (2008)

*Developing Countries

Maté

The trade in maté looks quite different than in the case of aromatic plants. Within the EU, Spain dominates the trade in maté, whereas Germany plays an important role in redistributing imports from Latin American countries to a number of other EU member countries. In 2007, total EU imports amounted to € 5.1 million, representing a volume of 4.0 thousand tonnes. Between 2002 and 2007, imports increased by an annual average rate of 22% in both terms of value and volume.

As already indicated, Spain is, by far, the leading EU importer of maté, accounting for somewhat more than 30% of the total EU import value. It is not very surprising that maté is so popular in Spain, considering the traditional close links with Latin American countries, where maté is one of the most popular drinks. Germany is the second leading imported of maté in the EU, accounting for 15% of total imports, followed by France (13%), the UK (12%), Belgium (9%), Italy (6%), Ireland (6%) and Poland (3%). All the other EU member countries hold a market share of less than 1% and together account for 6% of total imports. The Netherlands, which is also one of the selected countries, accounted for only 0.3% of imports in 2007, though it should be mentioned that for 2005 a record import value was recorded (see Table 3.2).

Although imports are still low compared to Spain, maté is increasing in popularity in several EU member countries. Most noticeable examples are the UK (+125% annually), Belgium (+300% annually), Ireland (+67% annually) and Poland (+40% annually).

Developing countries play a leading role in the supply of maté to the EU, in particular countries in Latin America. In fact, almost all imports originate in these countries, whereas the supplies recorded from other EU member countries (notably Germany and Belgium) concern re-exports of maté which was previously imported from developing countries.

Supplies from intra-EU sources increased more (+40% annually) than from developing countries (+18% annually). Among the five leading developing country suppliers, Uruguay and Paraguay showed the largest average annual increase (+66% and +76% respectively), whereas Argentina (+18%), Brazil (+11%) and Chile (+15%) performed on or below average.

**Table 3.2 Imports and leading suppliers of maté
2003 – 2007, share in % of value**

Product	2003 € 1,000	2005 € 1,000	2007 € 1,000	Leading suppliers in 2007 Share in %	Share (%)
Total EU	441	463	1,686	Intra-EU: Germany (15%), Belgium (10%), UK (3%), France (2%), Italy (0.9%)	33%
	66	6	19	Extra-EU ex. DC*: USA (0.2%), Switzerland (0.1%)	0.4%
	1,798	2,247	3,432	DC*: Argentina (35%), Brazil (22%), Paraguay (5%), Uruguay (4%), Chile (0.3%)	67%
Spain	84	39	100	Intra-EU: France (6%)	6%
	0	0	0	Extra-EU ex. DC*: -	0%
	677	991	1,481	DC*: Argentina (61%), Uruguay (12%), Paraguay (11%), Brazil (9%)	94%
Germany	6	0	1	Intra-EU: -	0%
	8	2	6	Extra-EU ex. DC*: Switzerland (0.8%)	0.8%
	519	470	781	DC*: Brazil (64%), Argentina (25%), Paraguay (8%), Chile (2%), Uruguay (0.2%)	99%
France	119	164	393	Intra-EU: Belgium (50%), Germany (9%), The Netherlands (1.2%)	60%
	17	0	0	Extra-EU ex. DC*: -	0%
	216	242	262	DC*: Brazil (35%), Argentina (5%), Madagascar (0.3%), India (0.2%)	40%
United Kingdom	5	8	567	Intra-EU: Germany (67%), Belgium (22%), Italy (7%)	96%

Product	2003 € 1,000	2005 € 1,000	2007 € 1,000	Leading suppliers in 2007 Share in %	Share (%)
	2	0	7	Extra-EU ex. DC*: USA (1.1%)	1%
	15	24	19	DC*: Argentina (2%), Brazil (0.8%)	3%
Italy	69	45	36	Intra-EU: Germany (9%), France (3%)	12%
	0	0	0	Extra-EU ex. DC*: -	0%
	176	229	269	DC*: Argentina (56%), Brazil (33%)	88%
The Netherlands	1	2	2	Intra-EU: Germany (12%), Italy (0.7%)	13%
	0	0	0	Extra-EU ex. DC*: USA (0.8%)	1%
	1	119	12	DC*: Argentina (65%), Indonesia (18%), Brazil (3%)	86%

Source: Eurostat (2008)

*Developing Countries

Anise and badian seeds

It is estimated that approximately 50% of anise and badian seeds is used for herbal infusions. Between 2003 and 2007, total EU imports of anise and badian seeds increased by 4% in terms of value and by 6% in terms of volume, reaching € 6.9 million / 3.8 thousand tonnes in the latter year. Germany is, by far, the leading EU imports, accounting for 25% of total imports, followed by France (12%), The Netherlands (12%), UK (10%), Spain (8%), Italy (6%), Belgium (6%) and Greece (5%).

Approximately 70% of the total import value is sourced directly in developing countries, with Turkey being the biggest, holding a share of 31% of total imports in 2007. Other developing country suppliers were Syria (16%), China (11%), Vietnam (6%), Egypt (2%) and India (2%). Particularly the supplies from Turkey (+6% annually), Syria (+18% annually), Egypt (28+% annually) and India (+46% annually) increased during the survey period. On the other hand, China and Vietnam did not perform that well, showing average annual decreases in their supplies of 5% and 13% respectively.

EU member country suppliers, such as Germany, The Netherlands, Spain and France, mainly play a redistributive role towards other EU member countries. Together, these four countries account for 22% of total imports, whereas other EU member countries supply another 7% of the total value.

Exports

In 2007, the EU member countries together exported € 281 million / 73 thousand tonnes of *aromatic plants*, representing an annual average increase of 6% in terms of value and 2% in terms of volume since 2003. Germany is the EU's leading exporter, accounting for 27% of the export value, followed by Poland (14%), France (12%), Belgium (9%), Bulgaria (7%) and Spain (6%). The lion's share (75%) of the total export value was directed towards other EU member countries, while Switzerland and the USA represented the main extra-EU destinations, receiving 6% and 5% of exports respectively.

Exports of *maté* by EU member countries mainly concerns re-exports of *maté* which was imported from mainly Latin American countries. In 2007, total *maté* exports by the EU amounted to € 2.3 million / 1.4 thousand tonnes, indicating an annual average increase of 22% in value terms and 34% in volume terms since 2003. The leading (re-)exporter in the EU is Germany, accounting for 36% of the total export value, followed by France (23%) and Belgium (21%), Italy (8%) and the UK (6%). Approximately 70% of the export value is directed towards other EU member countries, with Spain and France being the main destinations, accounting for about 50% of the export value. Russia (10%) and the USA (5%) are the main extra-EU destinations.

The exports of anise and badian seeds increased by 7% in value and by 6% in volume between 2003 and 2007, amounting to € 3.2 million / 1.1 thousand tonnes in the latter year. Spain and Germany are, by far, the leading EU exporters, accounting for 25% and 23% of the export

value respectively, followed by The Netherlands (15%), Belgium (8%) and Hungary (7%). More than 80% of the export value is destined for other EU member countries, mainly The Netherlands (20%), Germany (18%) and France (10%).

Opportunities and threats

- + EU imports of aromatic plants, maté as well as anise and badian seeds, increased considerably in the period under review. This indicates an increased interest in herbal infusions and offers opportunities for developing countries that can supply these ingredients.
- + Developing countries play an important role in the supply of aromatic plants, and a leading role in the supply of maté and anise and badian seeds. Particularly Germany, The Netherlands and Spain source a higher than average share of their imports in developing countries. Herbal ingredients are therefore an interesting export product for developing countries to these EU countries.
- On the other hand, imports of aromatic plants decreased in France and Spain, being a possible threat for developing country exporters of these products.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The coffee, tea and cocoa market in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.ec.europa.eu>
- Understanding eurostat: Quick guide to easy comext → http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

4 Price developments

Like many other products, spices and herbs (including those used for infusions) are subject to the supply-demand mechanism, causing overproduction when prices increase. In general, prices of herbs rise as a result of both increased supply costs (production, processing, and freight) and increased demand. Unlike mint, thyme and sage, few herbs are in sufficient demand to encourage their widespread commercial cultivation. Even if supplies in the short term are relatively static (with generally only one harvest per year), they are much more elastic over the long term. It is unusual for the price of herbs to remain high for several successive seasons.

The tables below provide indications of market prices of some herbs. The prices are to a large degree dependent on origin, buyer preferences, quality demanded, order size etc. Therefore, actual prices are dependent on negotiation with partner companies and, as such, could influence export pricing. The prices mentioned should therefore be seen as an indication for developing country exporters. During negotiations, exporters need to have clear insight into their cost of production and (develop) price breaks which they can offer for larger volumes.

Table 4.1 Indicative bulk prices for raw materials used for infusions, June 2008

Product	Cultivated/Wild	Origin	Price €/kg	Basis
Fennel fruit	Cultivated	Egypt	1.13	Spot NY
Ginger rhizome	Cultivated	Nigeria	0.84	CIF
Ginger rhizome	Cultivated	China	1.18	Spot NY
Rooibos herb	Cultivated	South Africa	2.33	Ex-Whse
Fenugreek seed	Cultivated	Turkey	0.74	Spot NY
Maté leaf	Cultivated	Argentina, Brazil	5.69-7.12	FOB USA
Stevia leaf*	Cultivated	Paraguay	6.92-7.77	FOB USA

Source: ITC MNS Medicinal Plants and Extracts, June 2008

Note: Exchange currency calculated at \$1 = €0.64712 for June 2008.

* Certified organic

Table 4.2 European price indications for spices/herbs used for infusions, June 2008

Product	Grade	Price €/kg		
		This week	2 month ago	1 year ago
Aniseed	Turkish 1% FAQ*	-	3.43	1.29
Cinnamon	Sri Lanka c5 cut	5.82	n.q.	5.95
Fennel	Egypt 99%	n.q.**	n.q.	0.97
Fennel	Indian 99%	n.q.	n.q.	1.16
Fenugreek	Indian 99%	0.61	0.61	0.61
Ginger	Cochin	-	-	1.20
Ginger	Chinese sliced	1.39	1.29	1.20
Ginger	Chinese peeled	1.59	1.49	1.39
Ginger	Nigerian	0.87	0.84	0.91
Marjoram	Egypt ASTA	1.58	1.57	n.q.
Mint	Egyptian	1.99	1.85	n.q.
Sage	Turkish	5.05	5.00	n.q.
Thyme	Spanish	2.65	2.37	n.q.

Source: ITC MNS Spices, June 2008

Note: Exchange currency calculated by \$1 = €0.64712 for June 2008.

* FAQ= Fair Average Quality

** n.q. = no quote

Organic

For the benefit of developing country exporters interested in the EU price market for organic herbs, ITC's Market News Service (MNS) reports wholesale prices from importer/wholesalers. The prices represent the range among wholesalers as indicated in Table 4.3. The prices do not include local transport, but do include cleaning and repacking. Furthermore, please note that they are not intended as quotations.

Table 4.3 Prices for certified organic spices and herbs used for infusions in the EU as from September-November 2007

	Price range in €/kg Nov 2007	Price range in €/kg Sept 2007	Origin	Notes
Aniseed	5.50 - 10.05	5.50	Turkey / Egypt	
Star Anise	7.75	7.75	Vietnam	
Fennel	4.30 - 9.30	3.50	Egypt	Max 1%
Fenugreek	4.82	4.35	India	
Ginger	8.85 - 11.45	9.65	China / India	Powder
Marjoram	4.95 - 10.75	5.55	Egypt	
Sage	8.70	8.70	USA	
Tarragon	16.44	16.44	Germany	
Thyme	10.85 - 14.35	10.85	Germany	

Source: ITC MNS Organic Products, 2007

Retail prices of herbal infusions are comparable to prices of regular black or green teas and range between € 30 and € 50 per KG (packaged in individual teabags).

Useful sources

- ITC's Market News Service (MNS) - <http://www.intracen.org>. For rooibos, fennel, ginger, check the MNS for Medicinal Plants; for aniseed, cinnamon, cloves, fennel, ginger, mint, sage, thyme etc. the MNS for Spices and Herbs; and for organic herbs (aniseed, sage, spearmint, star anise etc.) the MNS for Organic Products.

- The Public Ledger Weekly - <http://www.agra-net.com/portal/puboptions.jsp?Option=menu&pubId=ag047> - publication on commodities with overviews of global market prices.
- The Indian Spices Board - <http://www.indianspices.com> - offers domestic and international prices for spices on its Internet site.

5 Market access requirements

As a manufacturer in a developing country preparing to access the EU market, you should be aware of the market access requirements of your trading partners and the EU government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector and country of interest in the category search, click on the search button and click on market access requirements.

Please note that the website of the European Herbal Infusions Association provides some useful detailed guidelines and documents for herbal infusions and herbs, such as on GAHP (<http://www.ehia-online.org/publications.html>).

Packaging

Since most exporters in developing countries probably supply ingredients for herbal infusions which will be mixed and packed into consumer products in the EU, we focus here on the packaging of ingredients and not the packaging of consumer products. In general, the following criteria apply to herbal infusion ingredients:

- Individual packages must not exceed 25kg net weight.
- Packaging must include a water vapor barrier membrane e.g. polythene lined paper sack / polythene liner in polyweave sack / polythene liner in carton. (Maximum carton size 50cm x 80 cm x 30cm.) Metal foil packaging may be acceptable for certain products, but please contact your customer prior to dispatch, to gain approval.
- Metal staples or wire ties must not be present.
- Product packages must be separated from timber pallets by layer pads.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packit.htm>

Marking

Each package must bear the following markings:

- Name and address of supplier
- Unique batch number
- Net weight

In addition, for organic products each package must bear:

- Organic Certification Body
- Organic Certification license no.
- "Organic" followed by full name of product

Labelling

Labels are becoming more important, especially in the trade of herbs used as food ingredient. In this segment, health trends and safety issues are important drivers. Moreover, customers require transparency along the supply chain and the documentation behind label and certification schemes often serve as a proof of well harvested and processed ingredients.

The most important labels for herbal infusions and their ingredients are organic and Fair Trade. For some clients and some herbal ingredients, an organic label can be an all-decisive issue for purchase.

Finally, it is important to keep in mind, that sending samples to potential and existing buyers is common business in herbal trade. Samples serve to check the product quality (both physical quality and the quality resulting from possible chemical analyses) and as a basis for price quotations. Please note, that these samples should be representing the actual product offered (except for the quantity) and thus also the packaging, marking and labelling.

Information on tariffs and quota can be found at <http://exporthelp.europa.eu>

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. Here, you can also find the CBI market surveys 'The coffee, tea and cocoa market in the EU' and 'The spices and herbs market in the EU' for sector specific information on doing business.

Common practices of trade promotion should not differ widely between European countries. Some tips for developing customer relations:

- Take good care of existing contacts. This includes, for example, expressions of thanks to business partners, regular information on the company developments like product range, quality improvements, etc.
- Always reply to a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him for the next campaign.
- Especially for the herbal market, it is important to provide transparency on the products you offer and the way they are produced.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with your customers. If possible, smaller firms should also try to be reachable by (mobile) phone during office hours.

As mentioned in the previous section, sending representative samples to potential and existing buyers is common business in the herbal trade. It should be taken into account that the sender of the samples (and thus the exporter) is often responsible for the costs involved.

Visiting and participating in a trade fair can be an efficient tool for communicating with existing and prospective customers. It can also be an important source of information on market developments, production techniques and interesting varieties.

For more information on doing business on the herbal market, please refer to:

- International Trade Centre (ITC), and specifically the products and services provided on herbs and spices: http://www.intracen.org/mds/spices_and_herbs.htm
- European Herbal Infusions Association (EHIA), <http://www.ehia-online.org>
- Interesting EU trade fairs are Anuga (<http://www.anuga.com>), SIAL (<http://www.sial.fr>), BioFach (<http://www.biofach.de>) and the small Polish, but focused on the herbal sector Interherba (<http://interherba.pl/en>).
- The Source Marketplace offered by Soil Association, providing a list of organic ingredients: <http://www.soilassociation.org/web/sacert/sacertweb.nsf/f34f39e612e39a9f80256a6a00478d01/94e7528f864fece8802573d1003e794f!OpenDocument>

This survey was compiled for CBI by
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Appendix A General product description

Herbs are aromatic plants whose leaves, stems and flowers are used as flavouring. A herbal plant is grown for culinary or medicinal value. Typically, the green, leafy part of the plant is used. General usage differs between culinary herbs and medicinal herbs. A medicinal herb may be a shrub or other woody plant, whereas a culinary herb is a non-woody plant. Culinary herbs are distinguished from vegetables in that they are used in small quantities and provide flavour rather than substance to food.

In botany, a herb is a plant which does not produce a woody stem, or is a plant that dies back to the ground at the end of the growing season. The term herbaceous means either having the characteristic of a herb or being leaf-like in colour and texture.

An infusion is a beverage made by steeping a flavouring substance in hot or boiling water. Infusions include coffee, tea and tisane. Infusions can also be made in another substance, such as alcohol or vinegar, instead of water.

An herbal tea, tisane, or ptisan is an herbal infusion made from anything other than the leaves of *Camellia sinensis*, the tea bush. Since tea is not part of the herbal tea discussed here, we refer to herbal infusions in this product survey. In many countries the use of the word tea is legally restricted to infusions of *Camellia sinensis*. The European Herbal Infusions Association provides a list of herbs considered as food at their website <http://www.ehia-online.org>. Spices, also coming from aromatic plants, but derived from the bark, roots, seeds, buds and berries of plants, can also be used for herbal infusions. Some of the most popular herbs and spices used for infusions are: anise, chamomile, fennel, ginger, ginseng, rose hip, honeybush, rooibos, lemon grass, liquorice, maté, (pepper)mint and verbena.

Herbal teas can be made with fresh or dried flowers, leaves, seeds or roots, generally by pouring boiling water over the plant parts and letting them steep for a few minutes. Flavoured teas, on the other hand, are prepared by adding other plants to an actual tea (black, oolong, green, yellow, or white tea); for example, the popular Earl Grey tea is a black tea with added bergamot; jasmine tea is Chinese tea with jasmine flowers, and genmaicha is a Japanese green tea with toasted rice. Flavoured teas are not part of this product survey.

In this survey, trade data are based on the Harmonised System (HS). These data are provided by Eurostat, the statistical body of the EU. By far most herbal infusions and herbs used for infusions, however, are not further distinguished by the HS code classification. As a result, most herbs for infusions can be found under HS code 121190 "other", covering herbs such as liquorice, mint, verbena, sage, lime tree etc. Please keep in mind that herbal infusions account for only a part of all products covered by this HS code. Besides, individual HS codes for maté and anise seeds exist. Anise seeds, however, are only for around 50% used for herbal infusions, other uses include culinary and herbal medicine.

HS Code	Description
090300	maté
090910	seeds of anise or badian
12111085	plants and parts of plants, incl. seeds and fruits, fresh or dried, whether or not cut, crushed or powdered (excl. ginseng roots, coca leaf, poppy straw and tonquin beans)

This product survey focuses on those herbs for infusions, which are of interest to developing country producers. Where no specific data is available (for example trade and consumption data), reference is made to the whole EU market for herbs or teas.