



The Swedish Market

Natural ingredients for cosmetics



**Open Trade
Gate Sweden**
National Board of Trade



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This market study provides an introduction to the Nordic market for natural ingredients for cosmetics, giving an account of its structure and trends. Europe's [REACH regulation](#) (Registration, Evaluation, Authorisation, and Restriction of Chemicals) defines natural as a naturally occurring substance, that is unprocessed or processed only by:

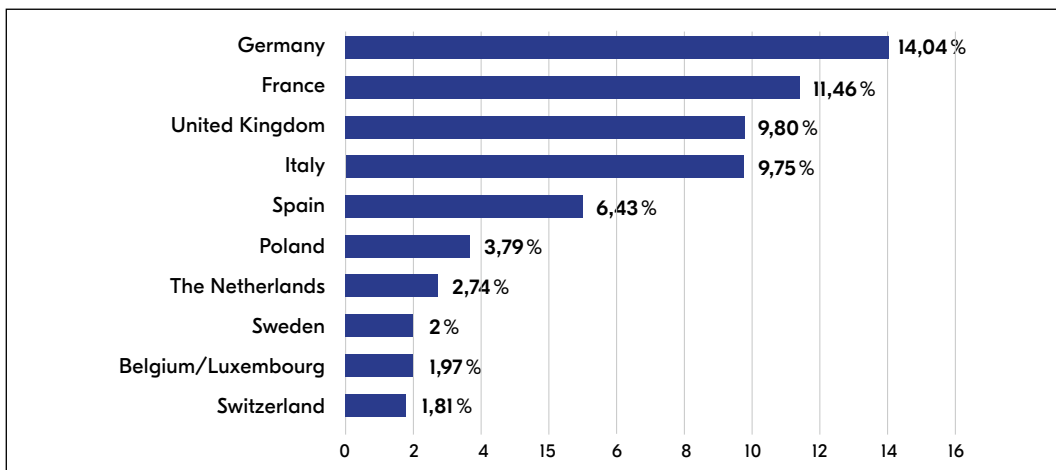
- manual, mechanical, or gravitational means,
- dissolution in water,
- flotation,
- extraction with water,
- steam distillation or heating solely to remove water, or
- which is extracted from air by any means.

Natural ingredients for cosmetics are thus defined as any raw materials derived from plants or animals that are used in the production of cosmetics and personal care products. Examples include essential oils, vegetable oils and botanical extracts.

Get to know the Swedish natural ingredients for cosmetics market

Retail sales of cosmetics in the European market amounted to € 76.71 billion in 2020¹. In Europe, Sweden is the 8th market for cosmetic products, with sales amounting to € 2 billion in 2020 (SEK 21.033 billion). This was a decrease of 4% compared to 2019. In the same period, the total European market decreased by 4.8% due to the COVID-19 pandemic.

Figure 1: Top 10 cosmetics markets in Europe, Retail Sales Prices (RSP) in € billion, 2020



Source: Cosmetics Europe, 2021

¹ <https://cosmeticseurope.eu/cosmetics-industry/>

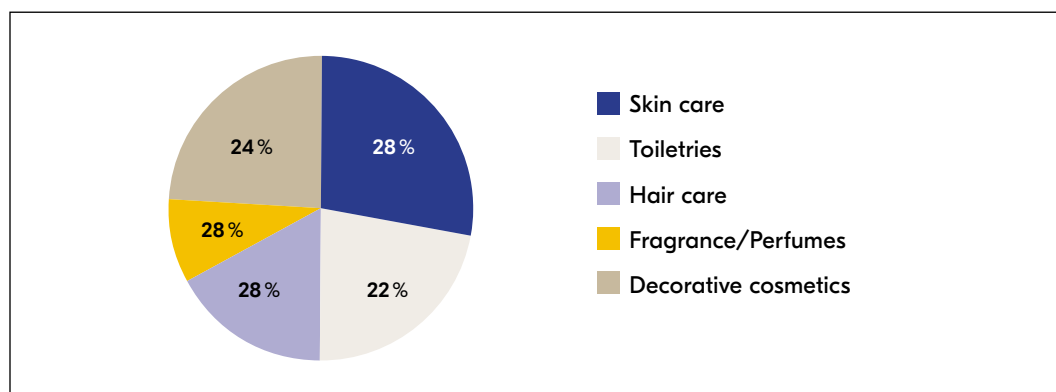
Many European countries experienced a decrease in the cosmetics market in this time frame according to [Cosmetics Europe](#). Figures vary from -0.1% in Germany to -9.9% in Italy. At the same time, the Swedish cosmetics market is [expected to show modest growth](#) in coming years.

The cosmetics market can be divided into five main segments. Use of natural ingredients in these segments varies:

- **Skin care:** In this segment there are many opportunities for vegetable oils and their derivatives, for example in products such as moisturisers, lotions, sunscreens, face and body creams. Botanical extracts find opportunities in beauty treatment products and serums, for example for products with cooling, soothing and anti-ageing properties. Essential oils can be used in skin care as a fragrance, perfume blend or directly added to the product, as well as for aromatherapy benefits.
- **Hair care:** Vegetable oils are used considerably in this segment, mainly in hair conditioners. Essential oils are mainly used for their fragrance, or in aromatherapy hair care products. Botanical extracts find limited use in this category, mainly there is an interest in extracts that support hair conditioning.
- **Toiletries:** This is a significant market for both botanical extracts and vegetable oils, for example in soaps, deodorants, and depilatories. Vegetable oil derivatives used in soaps are commonly based on commodity oils. This is a smaller segment for essential oils, though they are sometimes added to toiletries as a fragrance.
- **Fragrance/Perfumes:** This market segment represents the largest use of essential oils, while use of botanical extracts and vegetable oils is limited. Products include perfumes, after shave and scented oils.
- **Decorative cosmetics:** This segment mainly consists of make-up, cosmetic products that are used to decorate and change the appearance. There is limited use of natural ingredients in this market segment, which includes products such as colour cosmetics, lipsticks, nail varnishes and mascaras.

The figure below compares the size of these segments on the Swedish market. Compared to the rest of Europe, the Decorative cosmetics segment is considerably larger, indicating strong demand for such products. At the same time, Toiletries and Fragrance/Perfumes are both slightly smaller than the European average.

Figure 2: The Swedish cosmetics market by market segment, 2020 (%) euro / RSP² basis

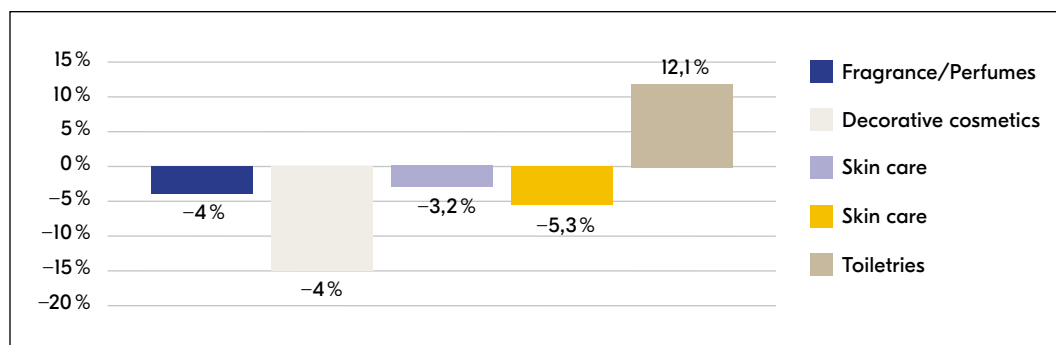


Source: Cosmetics Europe, 2021

However, when looking at the changes of the market segments from 2019 to 2020, the Decorative cosmetics segment decreased significantly (see Figure 2). In the same time frame, sales of Toiletries increased substantially. Both changes are a direct [result of the COVID-19 pandemic](#). Makeup is one of the segments that was most affected by the pandemic. During lockdowns and working from home, people's habits changed with using less decorative cosmetics. The general use of masks also had a strong impact on the makeup demand.

By contrast, demand for hygiene, hand and cleansing products increased, such as hand sanitiser, or hand lotions. Products that are traditionally known for their antibacterial or moisturising properties benefited a lot from this situation.

Figure 3: Changes in Swedish markets by segment, 2020/2019 (%) euro/RSP³ basis



Source: Cosmetics Europe, 2021

Natural cosmetics

While natural ingredients are widely used in all types of cosmetics, they are particularly important for the natural cosmetics segment. According to leading natural cosmetics standard [Natrue](#), natural cosmetics are products containing only natural, derived natural or nature identical ingredients.

The European natural cosmetics market accounts for around 4% of the total European cosmetics market with total revenues of € 4 billion. 55% of the products are certified against natural cosmetics standards such as [Natrue](#) and [Cosmos](#). In Sweden, natural cosmetics are expected to account for an even larger share of the total cosmetics market, compared to Europe as a whole. Within the European Union, Sweden has the highest share (70%) of consumers indicating that ecolabels play an important part in purchasing decisions, followed by Denmark at 55%⁴. According to industry sources, the average Swedish consumer is very aware of natural and eco-friendly products. Only around 5% of Swedish consumers and 10% of Danish consumers never take notice of ecolabels. In comparison, natural cosmetics in Norway and Finland is very new, these markets are much smaller.

³ RSP: Retail Sales Price

⁴ <https://www.youtube.com/watch?v=zsWC3xrRpLQ>

Swedish imports of natural ingredients for cosmetics

The table below gives an overview of total Swedish imports of natural ingredients for cosmetics between 2016 and 2020, based on product categories used in international trade. These ingredients include:

- **Niche essential oils and orange essential oils:** Niche essential oils are those oils other than citrus and mint oils. This category in trade includes a wide range of products, such as lavender, rose geranium, rosemary, tea tree, rose, and chamomile oil.
- **Niche vegetable oils:** This category includes many smaller vegetable oils, such as macadamia, avocado and argan oil, as well as vegetable butters like shea and mango butter.
- **Niche vegetable saps and extracts:** This is a large group of products that are usually solvent extracts from plants, or powders milled from seeds, shells and leaves among others. The figure in table 1 excludes extracts from liquorice, hops, and opium. Examples include coffee extract, tea extract, chili extract, and grape seed extract.

Table 1: Total imports by Sweden of selected natural ingredients, from 2016–2020 (in thousand USD)

	2016	2017	2018	2019	2020
Essential oils other than citrus and mint oils	905	1,263	978	964	1,538
Orange oil	151	230	322	338	230
Niche vegetable oils*	64,537	77,920	88,163	97,256	79,338
Niche vegetable saps	5,855	2,611	3,466	4,942	16,630

Source: ITC, 2021

*Vegetable oils other than soy, groundnut, olive, palm, sunflower, safflower, cotton seed, coconut, babassu, rape, colza, mustard, linseed, maize, castor, tung, sesame and jojoba oil

**Vegetable saps and extracts excluding liquorice, hops, and opium

Essential oils

While imports of some **essential oils** registered an increase, imports of other essential oils decreased. Particularly imports of essential oils for perfumes decreased, as consumer demand for perfumes declined during COVID-19. Due to lockdowns and other restrictions, people stayed more at home and used less perfumes. In contrast, imports of essential oils for aromatherapy and particularly essential oils for mental health or with perceived immune-boosting or antiviral properties increased.

A large share of suppliers of niche essential oils to Sweden are European countries, with Germany, France, Serbia, Denmark, and the Netherlands accounting for 68% of 2020 imports (in value). There are no supplies from developing countries recorded for orange essential oil in 2020.

The main European producers of essential oils include Hungary, Bulgaria and the Mediterranean countries (such as France, Italy and Spain). Eastern Europe produces several essential oils (such as juniper) from domestic wild collection. In addition to essential oil production, France is also an important trade hub for essential oils, as is Germany.

In the last five years, Sweden increasingly imported niche essential oils directly from developing countries, indicating a growing interest in direct sourcing. While share of total imports are still low, these were close to zero in 2016. Examples include:

- China: 4% of 2020 imports
- South Africa: 4% of 2020 imports
- Turkey: 2% of 2020 imports
- Egypt: 2% of 2020 imports

Of these sources outside of Europe, China offers a large range of essential oils, either produced domestically or sourced from other countries. South Africa, Turkey and Egypt are smaller suppliers of high value essential oils. All countries offer various Mediterranean essential oils as well as a specific set of essential oils, such as rose geranium oil from South Africa and thyme oil from Turkey.

Due to restrictions and other effects of the COVID-19 pandemic, the percentage of Swedish adults which suffered from depression increased from 11% before the pandemic to 30% in 2020. In response, demand for mental health products including aromatherapy products increased. In all of Europe, the awareness of therapeutic properties of essential oils is increasing and has been accelerated by the health effects of the pandemic. According to Statista⁵, the main health reasons for Swedish consumers to purchase essential oils are:

- Suffer from at least one mental health condition: 25%
- Anxiety disorder: 15%
- Depression: 13%
- Something else: 9%

Vegetable oils

The growth of imports of **niche vegetable oils** can partly be attributed to the replacement of mineral oil and palm oil by these other vegetable oils. While demand for natural products has already stimulated replacement of mineral oils for many years, the demand for products free from palm oil is more recent. The palm oil industry has been associated with large-scale deforestation in Southeast Asia and increasing concerns over the effect of such deforestation on climate change and other environmental impacts have caused a shift away from palm oil.

Few of these niche vegetable oils are imported directly from producing countries. In 2020, 97% of the value of niche vegetable oil imports to Sweden originated in Denmark, which houses production facilities from [AAK](#), a global Sweden-based producer of vegetable oils and fats. Small developing country suppliers to Sweden include Morocco and Malaysia, both accounting for 0.1% of 2020 imports (in value).

Since many vegetable oils have similar functional properties as palm oil, cosmetics manufacturers are formulating their products with palm oil replacements. For example, British ethical cosmetics company [Lush](#) is planning to phase out palm oil from its supply chains. This provides opportunities to suppliers of niche vegetable oils that position their products as deforestation-free natural ingredients with a low environmental impact, providing that price of these vegetable oils is not much higher than palm oil.

5 <https://www.youtube.com/watch?v=zsWC3xrRpLQ>

Botanical extracts

Swedish imports of botanical extracts increased strongly in value in the first year of the COVID pandemic. However, when looking at trade data in volumes, these remained stable. The strongest increase in value stems from extracts imported from Chile and India, for which volume of imports decreased in the same time frame. This indicates that products, especially from these countries, substantially increased in price during the start of the COVID pandemic.

In 2020, Chile was the largest supplier of **botanical extracts** to Sweden (in value), accounting for 64% of total imports. Chilean exports mainly consisted of quillaia extract from the *Quillaja saponaria* tree. This extract has various applications, such as food additives and in cosmetics. Most likely, this extract was [used in Sweden by Novavax to produce an adjuvant for a COVID-19 vaccine](#). Other developing country suppliers in 2020 included:

- India: 11% of 2020 imports
- China: 3% of 2020 imports
- South Africa: 3% of 2020 imports

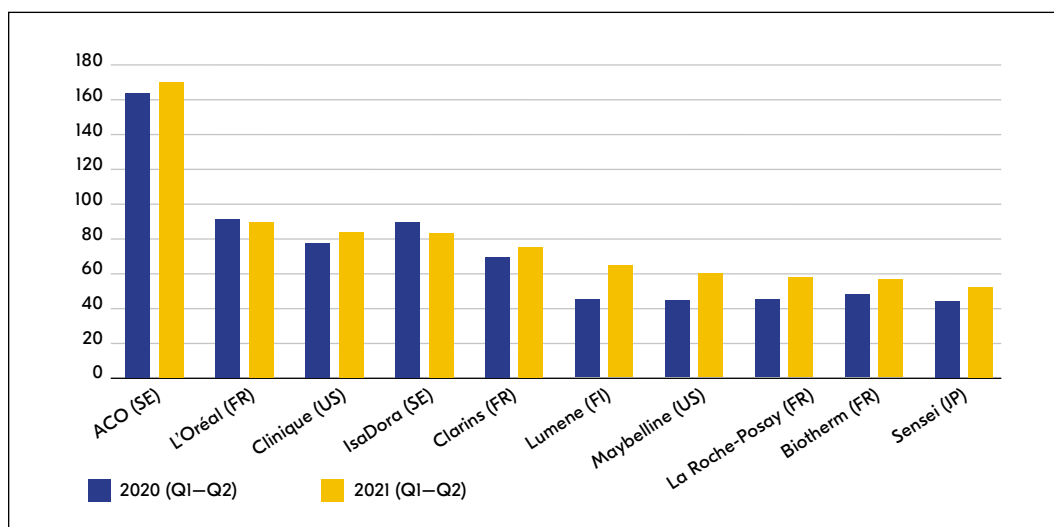
Of these suppliers, both India and China produce a wide range of botanical extracts, as these countries have substantial extraction industries. In addition to extracts from domestic raw materials, they also import raw materials from other countries to process into extracts and can compete with extractors from those countries. South Africa exported vanilla extract for food use to Sweden in 2020, as well as other smaller extracts.

Understand the market structure

Main market players on the Swedish cosmetic market

Among the top 10 brands on the Swedish cosmetics market are two Swedish brands ([ACO](#) and [IsaDora](#)) and one Finnish brand ([Lumene](#)), see the figure below. Together, these top 10 brands account for around 46% of the Swedish cosmetics market. According to industry sources, the Swedish market is very welcoming to small brands. This fragmented market consists of a mix of large brands and smaller, more focused brands. The European cosmetics association, [Cosmetics Europe](#), indicates that the market consists of 212 SMEs.

Figure 4: Top 10 Brands on Swedish market, in 1,000,000 SEK (RSP), in first half of 2020 and 2021



Source: Kosmetik- och hygienföretagen, 2021

Cosmetic product examples on the Nordic market

The table below provides some examples of cosmetic products on the Swedish market that contain natural ingredients that are, or could be, produced in South Africa. One of the brands included, Esse, is a South African brand. According to industry sources, the growing popularity of this brand is spreading awareness of South African ingredients on the Swedish market and as such opportunities may increase for natural ingredient exporters from South Africa to access the Swedish market. If brands want to launch new products or ingredients that are unknown to consumers, they need to invest substantially on marketing. If successful, other brands may launch similar products or products with similar ingredients making it difficult to get a return on those investments.

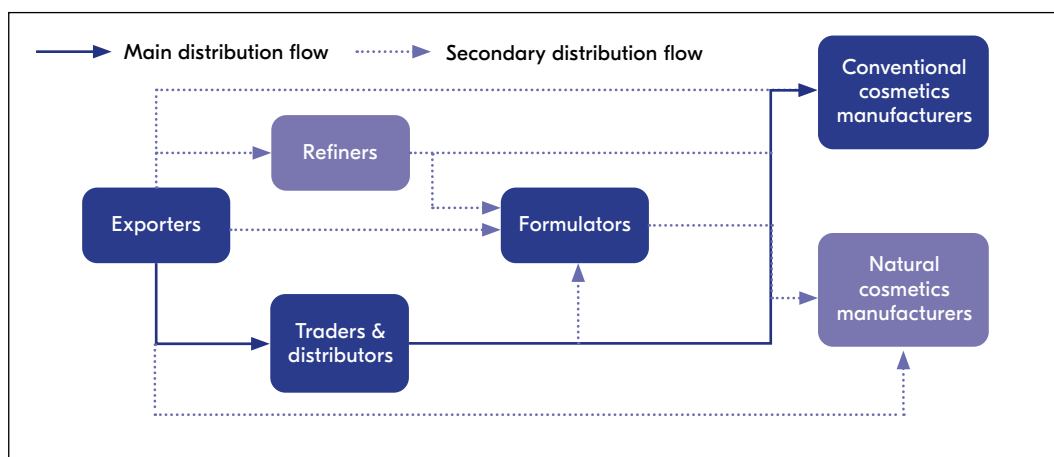
Table 2: Cosmetic product examples on the Swedish market

Product examples	Product name and brand	Examples of ingredients included
	<p>Face it, an organic serum by True Organic of Sweden</p>	<p><i>“A luxurious organic serum for radiant and glowing skin. Formulated of the finest blend of pure organic oils.”</i></p> <p>Rose hip oil - The anti-aging benefit from using rose hip oil on your face comes about due to the antioxidants and the oil's ability to penetrate into deeper layers of skin.</p> <p>Scented with Bergamot and Geranium essential oils that are both beneficial for troubled skin</p>
	<p>Light Moisturizer, by Esse</p>	<p><i>“Light Moisturizer contains antioxidants that protect the skin against the damage that can occur from pollutants in the environment. Allows young skin to retain its lustre.”</i></p> <p>As a South African brand, Esse's products contain many Southern African ingredients, this moisturiser contains a.o. Rooibos leaf extract, jojoba oil, marula seed oil, Aloe Barbadensis leaf extract, Manketti seed oil, Kigelia Africana extract, Baobab fruit extract and Rose geranium essential oil.</p>
	<p>Purifying 2-in-1 Mask & Scrub with Organic Tea Tree & Lime, by Oriflame Sweden</p>	<p><i>“Mask and scrub in one with organic Tea Tree oil and lime extract. Deep cleanses, exfoliates and reduces the visibility of pores. Makes your skin smooth, matte, and full of radiance.”</i></p> <p>This scrub's natural ingredients include almond shell powder, citrus aurantifolia fruit extract and tea tree leaf oil.</p>
	<p>Bee Calm Skin Soothing Balm, by Body Bees</p>	<p><i>“Bee Calm's unique formula works to soothe itchy skin, relieve dryness, and inflammation.”</i></p> <p>Body Bees sources all its ingredients from South Africa, among others this balm contains olive oil, beeswax, camphor bark oil, lavender, and tea tree leaf oil.</p>

Distribution channels for natural ingredients for the Swedish cosmetics market

Different types of companies in Sweden buy natural ingredients for cosmetics. Which buyer is relevant for you depends primarily on the type of product you offer. In general, industry sources indicate that for smaller Scandinavian brands, it is more common to trade through European traders, most notably from Germany. Once brands have reached sufficient sales volumes, they may choose to source ingredients directly from exporters as this allows for a better control of source and quality.

Figure 5: Distribution channels for natural ingredients for the Swedish cosmetics market



Unrefined natural ingredients with a lot of impurities, such as cold-pressed vegetable oils, are often most interesting for refiners that can reduce impurities, remove odour and colour, change properties of the ingredient and supply the refined ingredients to different users. The company [AAK](#) is a good example of a refiner. Some refiners offer toll-refining services, which means that you can make use of their services while maintaining ownership of the product.

Highly standardized natural ingredients for use in a wide range of products and for which price is the main purchasing criterion often go to intermediaries such as traders and ingredient distributors. Typical traders specialize in sourcing and breaking a wide range of bulk ingredients for their clients at low cost. While traders usually offer low prices, their importance in the trade is not to be underestimated. Many Swedish cosmetics manufacturers are not interested in sourcing directly from producers in the country of origin of the natural ingredient. They prefer to source from known traders, which can offer a one-stop-shop with a wide range of ingredients at reasonable costs and quick delivery.

Branded natural ingredients with unique properties often find their way to users through distributors. Similar to traders, distributors often offer a one-stop-shop for their clients with a large range of ingredients. The company [Brenntag](#) is a good example of an ingredient distributor.

Highly standardized as well as exclusive and branded natural ingredients can also go directly to formulators and brand manufacturers. While brand manufacturers have their own brand, formulators specialize in research and development for cosmetic products to supply semi-finished or finished cosmetics to brand manufacturers and brand owners without their own manufacturing. An example of a cosmetics formulator is [Grazette of](#)

[Sweden](#). Many formulators and brand owners source part of their natural ingredients from traders and distributors and another part directly from producers at origin. Sourcing at origin is particularly interesting for strategic raw materials for which direct sourcing leads to lower costs or more control over quality.

Major importers and distributors

Based on actual import data, the following companies have imported essential oils to Sweden:

Company name and website link	Company type
Allan Chemical AB	Distributor
Brenntag Nordic AB	Distributor
Carbona AB	Distributor of waxes and other ingredients
Interlam AB	Fragrance brand
International Flavors & Fragrances I.F.F. (Norden) AB	Fragrance manufacturer
Univar AB	Distributor and formulator
Wintzell & Fried AB	Distributor
Croda Nordica AB	Formulator

Source: ITC, 2021

The following companies have imported skincare oils to Sweden:

Company name and website link	Company type
AAK Sweden AB	Refiner and manufacturer of skincare ingredients
AppleHeart AB	Distributor
Grazette of Sweden AB	Cosmetics formulator
Johan Nordströms Handels AB	Distributor
M.S. Biredskapsfabriken AB	Supplier of beekeeping equipment including beeswax

Source: ITC, 2021

If you are looking for more buyers, visit the website of the Swedish [Cosmetics, Toiletries and Detergents Association \(KoHF\)](#). It contains a [member list](#) indicating what type of function (e.g. distributor, manufacturer, etc) each company has.

Keep up with the trends

Sustainable sourcing becomes the norm

Sustainability has been a major trend on the Swedish market for many years already and will remain one of the major trends in the coming years. Swedish consumers are very concerned about the environmental and social impact of their cosmetics purchases. The increased attention for climate change stimulates continuous efforts to improve the environmental sustainability of production and trade in cosmetics.

While leading importers are already working together with their suppliers on sustainable sourcing, other importers will soon have to follow their example, as the European Union is developing legislation and policies for sustainable sourcing. These efforts are part of the [European Green Deal](#) which aims to combat climate change and environmental degradation. One of the main changes for natural ingredients trade will be higher requirements for importers to report on their sustainability efforts including their sourcing.

Management of sustainability first and foremost requires transparent supply chains and traceable sourcing. This explains the increasingly strict requirements of importers regarding traceability and sourcing practices. As a supplier, you will increasingly need to [implement and document sustainable production and processing practices](#). Key areas of attention are reducing greenhouse gas emissions, reducing biodiversity loss, reducing packaging waste and reducing the use of external inputs for farming.

Impact of the COVID-19 pandemic

Since early 2020, the COVID-19 pandemic has had a large impact on international trade. Apart from the increased demand for products boosting the immune system and mental health products as discussed earlier, the pandemic has several other effects. Due to disruptions in supplies resulting from illness of workers, lockdowns and other restrictions, importers have faced challenges to secure supplies.

In addition, reduced capacity at major ports in combination with a problem in the Suez Canal, which connects many Asian ports to European ports, caused a reduction in transportation of Asian and even African products to Europe and a strong increase in transport costs. This logistical crisis is expected to continue throughout 2022, as global demand for all kinds of products has increased while it takes time to build new ships to increase transport capacity. During this time, importers are mostly focusing on securing supplies from existing suppliers and put less priority on developing new trade relationships.

Scandinavian beauty routines increasingly popular

Scandinavian beauty focuses on simplicity, practicality, function, sustainable and naturally sourced. [Market researcher Mintel](#) expects that Scandinavian beauty standard, which follows the Swedish “*lagom*” (not too much, not too little), will grow in popularity, also outside of Scandinavia. This trend responds well to consumer demand to minimise their beauty routines. Concepts are based on less is more, with formulations based on few ingredients. The focus is on natural products that are ethically produced, using natural ingredients, often native to Northern Europe. This trend is also visible in product design and packaging, using sustainable materials and clean lines and neutral colours.

Live up to the requirements

Sweden is a member of the European Union (EU) together with 26 other countries. The EU is a customs union, meaning that all member states apply the same rules and regulations concerning, for example, import of goods. Once your products enter the EU, they can move freely within the EU. An importer can, for instance, customs-clear goods in The Netherlands and then forward them to a client in Sweden without paying any additional custom fees, nor is there any need for additional documentation when crossing EU borders.

In Norway, which is not part of the EU, is similar to EU legislation, although industry sources explain that requirements are stricter than in the EU. For example, Tea tree oil is not allowed to be used in cosmetics in Norway.

Cosmetics regulation

In Sweden, as in the rest of the EU, the [Cosmetics Regulation 1223/2009](#) is the most important legislation for cosmetic products. This regulation covers the safety and efficacy of cosmetic products including product claims. It requires European cosmetics manufacturers to prepare a 'Cosmetic Product Safety Report' and 'Product Information File' for their products. Cosmetic manufacturers need to include physical-chemical, microbiological and toxicological information on all substances/ingredients used.

The EU Cosmetics Directive also includes lists of [prohibited substances \(Annex II\)](#), [restricted substances \(Annex III\)](#), [allowed colourants \(Annex IV\)](#), [allowed preservatives \(Annex V\)](#) and [allowed UV filters \(Annex VI\)](#). You should check these to see whether your cosmetic ingredients can be used in cosmetics.

More and more, cosmetics manufacturers and ingredient producers make compliance with this regulation the responsibility of their suppliers. They expect you to provide [well-structured product and company documentation](#) on traceability, sustainability and quality (physical-chemical, microbiological and toxicological), which acts as an insurance to buyers. You will need to provide detailed:

- [Technical Data Sheets](#) (TDS), buyers expect strict specifications, which requires a strong control over supply chains and processing
- [Certificates of Analysis](#) (CoA), that shows composition and nutritional profile
- [Safety Data Sheets](#) (SDS)

These data sheets are becoming increasingly large and complicated because of all the information cosmetic manufacturers need to comply with legislative requirements. European standards for SDS are likely also used in other regions.

If you produce an essential oil that is used in fragrances, your documentation must also include information about allergens. You need to have an [allergen declaration](#) for essential oils in accordance with EU Cosmetics Regulation (1223/2009) and [International Fragrance Association \(IFRA\) standards](#).

The EU Cosmetics Regulation lists 26 fragrance allergens that are known to cause allergic reactions. Cosmetic products need to include these allergens in the list of ingredients when their concentration exceeds 0.001 percent for leave-in products and 0.01 percent for rinse-off products.

In the future, new legislation may be developed that could negatively affect the demand for essential oils. This new legislation could include more allergens beyond the 26 included in the existing legislation, meaning cosmetic producers must list these allergens on their packaging as well. In the future, cosmetic producers may use fewer essential oils to avoid having to publish long lists of allergens.

The Cosmetics Regulation also requires manufacturers to substantiate cosmetic claims. Therefore, data on efficacy (performance) increases the value of your natural ingredient for cosmetics. Manufacturers are very interested in data that substantiate claims of certain cosmetic benefits resulting from a certain concentration of an ingredient (or component thereof) in a finished product. Private laboratories or universities can provide data on efficacy.

Registration, Evaluation and Authorisation of Chemicals (REACH)

[REACH](#) legislation is designed to manage the risks of chemicals that are manufactured and used in the European Union. Cosmetic ingredients (including natural ingredients) are considered chemicals. In principle, these need to be registered with the European Chemicals Agency (ECHA) by the importer or manufacturer of the ingredient.

Non-chemically modified vegetable oils are exempt from registration. However, essential oils and most botanical extracts are subject to REACH and must be registered by the importer of these ingredients if volume is higher than 1 tonne per importer per year. Registration is a costly process for which Swedish business partners will usually require suppliers to supply safety data.

Classification, Labelling and Packaging (CLP)

Natural ingredients must be labelled and packaged in a way that protects workers, consumers, and the environment. The EU has requirements on packaging and labelling of chemicals based on the Globally Harmonised System of Classification and Labelling of Chemicals (GHS). This is outlined in the [Classification, Labelling and Packaging \(CLP\) Regulation \(EC\) 1272/2008](#). The CLP regulation supplements the REACH regulation. It regulates the notification of classifications, the establishment of a list of harmonised classifications and the creation of a classification and labelling inventory.

According to CLP regulation your labelling should include the following:

- The name, address, and telephone number of supplier
- The nominal quantity of a substance or mixture in packages made available to the general public (unless this quantity is specified elsewhere on the package)
- Product identifiers
- Where applicable, hazard pictograms, signal words, hazard statements, precautionary statements and supplemental information required by other legislation.

Access and Benefit-Sharing (ABS) and the Convention on International Trade in Endangered Species of wild fauna and flora (CITES)

You also need to comply with requirements derived from international treaties on using and trading plant resources. The EU has translated these into European law. Most likely, these are also part of your national law.

The Nagoya Protocol provides guidelines to access and use genetic resources and traditional knowledge and the [fair and equitable sharing of the benefits](#), called Access and Benefit-Sharing (ABS). European companies are legally required to ensure that the ABS legislation has been followed in the country of origin and downstream to their business.

You also need to comply with requirements on trading plant resources as agreed internationally under [CITES](#). CITES aims to protect endangered plants and plant products by regulating their trade. It provides a list of plant species that you cannot export/import or where export/import is restricted and where you will need export and import permits trade.

You should develop a procedure to check whether ABS applies to every new genetic resource or traditional knowledge that you want to develop. This process includes knowing the local context and officials. You should also check whether a species you want to export is listed on [one of the CITES appendices](#).

Additional (non-legal) buyer requirements

Many buyers of natural ingredients for cosmetics have requirements that can go beyond legislation and standards. These elements are established in buyer specifications and include the following requirements:

- **Delivering a good, reliable and consistent level of quality:** you can do so by following basic practices such as [Hazard Analysis & Critical Control Points](#), or [Good Manufacturing Practices of the European Federation for Cosmetic Ingredients](#) if you want to do more. You can also adopt quality standards concerning production methods, such as ISO 22000 and ISO 9001:2015 from the International Organization for Standardization (ISO), and Food Safety System Certification (FSSC) 22000. European buyers commonly test products they buy to ensure they meet their quality requirements. They also test samples provided by prospective exporters when deciding whether to do business with them.
- **Being a sustainable supplier:** This helps to ensure the future availability of your ingredients. Avoid overharvesting of wild plants, provide living wages to your collectors and ensure that you can deliver a stable quality and quantity of essential oils. Certification of these sustainable practices is only a requirement for niche markets (see section 3.6).
- **Showing good Corporate Social Responsibility practices:** examples include developing a code of conduct and improving your performance in key areas (for example, banning child labour and limiting damage to the environment).

Private standards and certifications

There is a growing demand for organic certified raw materials in the Swedish cosmetics market. The [NOC \(Natural Organic Cosmetics\) Sweden](#), a non-profit association and trade organisation, aims to drive the natural organic cosmetics market in Sweden. The organisation was founded in 2014 by five of the leading brands in this category and currently has [90 members](#). In 2018, research done by the association showed an increase of 22.2% in the organic cosmetics market in 2017. Moreover, [83% of Swedish consumers](#) feel responsible for choosing environmentally friendly products.

The NOC lists an [overview of organic standards used in the Swedish cosmetic industry](#). These include [Natrue](#), [Ecocert](#), [BDiH](#), [Soil Association](#), [USDA Organic](#), [Cosmetic Bio](#) and [COSMOS](#). In Sweden, Ecocert and COSMOS are the main standards for natural and organic cosmetics according to industry sources.

You can also use the ISO 16128 standard [part I](#) and [part II](#) as an alternative minimum self-certifiable standard for natural and organic cosmetic ingredients and products. This is especially interesting for smaller producers, if certification according to a private standard is too expensive or not required by your buyers.

In addition to organic certification, you can consider other certifications that pertain to environmental and social standards. These include:

- [UNCTAD BioTrade Initiative BioTrade Principles and Criteria](#)
- [FLO Fairtrade](#), [FLO Fairtrade](#) and [FairForLife](#) standards, although a niche in certified cosmetic ingredients, meeting these standards demonstrates your compliance with social sustainability
- [FairWild](#), which attests the use of sustainable collection, social responsibility, and fair trade practices.

Another label for on the Swedish market is the [Nordic Ecolabel](#). Though more common for consumer and household products and electronics, several shampoos, hand soaps, and skin cream products are registered under this label. Of Swedish consumers, 96% recognise the Nordic Ecolabel and 86% trust that the Nordic Labelled products are good choices for the environment. However, this label is for final products only and application would be done by a cosmetic brand.

For more information on certification schemes in the sector, have a look at the [ITC Sustainability Map](#). Along with obtaining information on popular certification schemes, this will also help you to make a more informed choice to obtaining a particular certification scheme. Once you have obtained organic certification, inform your (potential) buyers as this may make it easier to enter the market.

Determine your logistics solution

You can export your natural ingredients to Sweden in various ways, sea and air transport are most commonly used. In determining your mode of transport, always discuss the options with your potential buyers. You should consider the following factors to determine which is the best delivery terms for your business needs:

- **Delivery time:** Swedish buyers prefer shorter delivery times. Air freight is generally faster than sea freight and also more reliable. During the COVID-19 pandemic, delivery times increased for many products, for example due to restrictions on movement of goods. Always communicate to your buyers what delivery times you can assure, including when there may be delays.
- **Delivery volume:** It is often cheaper to transport large volumes or quantity orders via sea, while it may be difficult to consolidate a container for low-volume natural ingredients.
- **Cost of delivery method:** For high volume products, shipping by air freight can be four to six times more expensive than by [sea freight](#). During the COVID-19 pandemic, costs of airfreight even increased further, which industry sources added was a big problem. It is expected that these will drop again. However, for high-value, low-volume niche natural ingredients for cosmetics, air freight is more common, also since margins are usually higher. You can use the [Freightos freight calculator](#) to get freight price information for shipping by sea and air.


Natural ingredients often need to be transported under specific conditions, such as under a specific temperature or in special containers. Inform your logistics provider of the special conditions that your ingredients need to be transported under throughout the import-export process. The quality of your products may deteriorate when they reach your buyer if you cannot assure the right transport conditions.

You can also decide to use services of customs brokers and freight forwarders to. Customs brokers and freight forwarders can complete the customs process for you, and freight forwarders can arrange all transport and customs clearance for your ingredients. The International Federation of Customs Brokers Associations helps [finding custom brokers](#). However, this service comes at a cost, you will need to determine whether that cost can be earned back.

Incoterms

During negotiations with your buyer, you will have to agree on delivery terms. The [International Chamber of Commerce](#) has developed a set of international commercial terms (Incoterms). Apart from providing guidance on delivery terms, the Incoterms also provide guidance on several other trade aspects such as packaging or preparing a certificate of origin. Your method of transport use is also part of these Incoterms and can influence your decision about price and contract that you offer.

Figure 6: Division of costs for sellers and buyers for different delivery terms



EXW	Seller	Buyer						
FCA	Seller		Buyer					
FAS	Seller			Buyer				
FOB	Seller				Buyer			
CFR	Seller					Buyer		
CIF	Seller					Buyer		
CPT	Seller						Buyer	
CIP	Seller						Buyer	
DAT	Seller						Buyer	
DAP	Seller							Buyer
DDP	Seller							Buyer

In addition to the costs, the Incoterms specify responsibilities regarding insurance and risk of the transport. You can use a shipment insurance to protect your products during the entire journey from you to your customer. Commonly covered risks include theft and damages. You will need to agree with your buyer who is responsible for the insurance.

Commonly used Incoterms are:

- **EXW (ExWorks):** This Incoterm can be used for any mode of transport. It places minimum responsibility on the seller, in this case you will only have to make the goods available, suitably packaged, at a specified place, such as your factory or depot. The buyer is then responsible for loading the goods onto a vehicle, other transport, all export procedures, costs and insurance.
- **FOB (Free on Board):** Restricted to sea and inland waterway transport only. The seller delivers goods, cleared for export, and loads it on board. After that, the risk and costs transfer to the buyer.
- **CIF (Cost, Insurance and Freight):** For sea and inland waterway transport only, mainly used when a seller has direct access to the vessel for loading. Seller arranges and pays for transport to named port, as well as insurance. The seller delivers the goods cleared for export. The risk transfers from seller to buyer once the goods have been loaded on board.
- **CIP (Carriage and Insurance Paid To):** This rule can be used for any transport mode. Seller is responsible for arranging transport and paying for insurance. Once the goods are in transport to the buyer, risk transfers to the buyer.

You can quote CIF or CIP if you sell large quantities of ingredients to get better offers from transport and insurance companies. The CIF or CIP price will usually be more competitive, although it also generates more foreign exchange for you. If you have little export experience, it is safer to offer a price based on EXW or FOB only.

Find a business partner

Finding the right business partner for your company starts with doing some market research to ensure you know the market you target. This study provides an overview of the Swedish market, how it compares with other European markets and what requirements you need to comply with.

Where to find buyers

Chapter 2.3 includes several examples of importers of natural ingredients for cosmetics. Other ways to find potential buyers for your products are by participating in industry trade fairs and connecting with sector associations. Industry sources also suggest exporters of natural ingredients for cosmetics to find and contact Swedish brands directly to pitch their company and products, their properties and how these ingredients can be used in final products.

Trade fairs are important for finding and meeting buyers. [Eco Life Scandinavia](#), co-located with the Nordic Organic Food Fair, is the main trade event within Sweden for cosmetic products and their ingredients. However, Swedish buyers also attend the main European trade fairs for natural ingredients for cosmetics, such as [In-Cosmetics](#) and [Vivaness](#). Another, smaller, option recommended by a brand owner is [Stockholm Beauty Week](#). This fair includes various Swedish cosmetic brands and focuses on both business and consumer visitors.

Moreover, chapter 1.2 also demonstrated that various natural ingredients for cosmetics enter the Swedish market through a European (re-)exporter. Whether or not cosmetic brands source their ingredients through European traders depends on their company size and sourcing policy. This means your products can also reach the Swedish market by working with other European importers. For example, in Denmark, an important trade partner to Sweden for niche vegetable oils, or through Germany and France, important trade partners for niche essential oils and botanical extracts. The same is true for other Nordic countries, such as Norway and Finland, where cosmetic companies strongly rely on European wholesalers, e.g. in Germany.

Cooperate with a member of the [Swedish Cosmetics, Toiletries and Detergents Association](#) (KoHF) to participate with your beauty product in the [Swedish Beauty Awards](#). Note that only KoHF's member companies may join the competition with their products. You can also find buyers and brands among members of [NOC Sweden](#) or contact [Business Sweden](#), business developer that helps Swedish companies grow global sales and international companies to invest and expand in Sweden.

Buyer selection

When you look for a buyer, you need to make sure you select the right buyer for your company, that is the right match between both your offer and their demands. For example, knowing your production capacity and how much volume you can supply will help you gauge what type of buyers are a good match for you. It helps to be aware of your own strengths and weaknesses as a business to make this selection.

The following questions can help to build a profile of your buyer, build a better understanding of their needs and whether they match with your offer:

- What do they do (e.g. trade, produce, distribute, own a brand)?

- What is the size of the company?
- What is the vision and mission of the company? Do they focus on sustainable and ethical value chains?
- What are their requirements (e.g. organic/natural, fair trade or other certifications)?
- What is their market segment (e.g. organic, natural cosmetics)?
- Do they already use or market the ingredient you are offering?
- Where do they currently source ingredients from? How does your business compare?
- Can you identify a contact person?

Buyer preferences

To build a relationship with Swedish buyers it is important to behave professionally and to understand the Swedish business culture. This site [from Passport to trade](#) has information on the Swedish business culture and tips on business communication and business meeting etiquette.

Behaving professionally is essential to creating and maintaining a reliable business image in Sweden and the rest of Europe. This way you can show you are a reliable business partner and plays a key role in how possible buyers perceive your business. For the Swedish market, keep in mind the following:

- **Punctuality:** Online and offline business meetings are planned during business hours and Swedish buyers expect you to be on time. If you are late, inform your buyer about it.
- **Transparency:** Nordic buyers indicate that transparency is crucial. Sweden has an open and equal society, with a flat hierarchy. They expect their suppliers to be transparent on their business and its practices, for example in terms of sourcing and social aspects. If you run into problems, they expect you to be open about it and pro-actively share this information.
- **Honesty:** Don't make false claims about your ingredients, but make sure you can substantiate them. For example, regarding efficacy, but also claiming to have obtained organic certification when you do not.
- **Stick to agreements:** Ensure you meet contractual agreements made with buyers, for example concerning quality, quantity, and delivery. If there are any changes, communicate these quickly and clearly to your buyer and work with them to find solutions to unexpected issues.

You should also familiarise yourself with the technical language used in the natural ingredients for cosmetic sector. These include terms used in specifications, sector-specific terms, regulations, as well as commonly used terms and regulations regarding corporate social responsibility.

Conclusions

Although the COVID-19 pandemic negatively affected the Swedish cosmetics market, as in the rest of Europe, this report shows that the market offers opportunities for exporters of natural ingredients. The toiletries market segment experienced strong growth during the pandemic, while the skin care segment decreased at a lower rate than the overall Swedish market. Both market segments are interesting for natural ingredients.

Sweden also has a larger market share of natural cosmetics than the European level. Over the last five years, Swedish imports of natural ingredients for cosmetics have grown considerably. The Scandinavian beauty trend “lagom” favours natural products that are sustainably sourced. These beauty products also tend to focus on local natural ingredients. Brands that specialise on such native products might be less interested in exotic natural ingredients. You need to be aware of this but also show new potential buyers how your ingredients can be used in these beauty products. For example, if they are multifunctional in nature to lower need for many additional ingredients, or by highlighting the sustainability in their production and processing.

At the same time, industry sources indicate that the growing popularity of Esse, a South African brand, is building awareness of South African cosmetic ingredients among Swedish consumers and brands.

Keep in mind that Swedish cosmetic manufacturers may buy their natural ingredients through other European traders, depending on the volumes required. This means that to enter the Swedish market you can also work with importers in other countries. Important European entry points include:

- Germany, this is the largest market for (natural) cosmetics in Europe. Along with a producer of extracts, Germany is also an important trade hub for cosmetic ingredients. Nordic cosmetic brands indicate that German traders are an important source of ingredients, especially for smaller brands.
- France is a major market and producer of cosmetic ingredients and final products, it is an important European entry point for essential oils, especially high-value essential oils, niche vegetable oils and botanical extracts with cosmetic applications.
- Italy and Spain are large trade hubs for botanicals as well, both for raw plant materials and extracts. They are the largest traders and processors of botanicals in Europe.
- The Netherlands and Denmark, both countries host large vegetable oil refiners. They both import a large share of oils from developing countries, Sweden imports highest share of niche vegetable oils from Denmark.

Chapter 2 showed several routes to market, depending on the type of ingredient that you produce. Once your ingredients comply with European legislation, they can be sold in Sweden as well since legal requirements are the same. In this strong natural and organic cosmetic market, buyers may be interested in ingredients with an organic certification.

Further reading

If you want to read more about the European market for natural ingredients for cosmetics and how to access it, have a look at the website of the [Centre for the Promotion of Imports from Developing Countries \(CBI\)](#). Here you will find sector specific information, such as on [Market demand](#), [Market trends](#), [Tips to find buyers in Europe](#), [Tips to organise your export](#) and [How to prepare a technical dossier for cosmetic ingredients](#). You can also find studies on specific products (e.g. [Essential oils](#) and [Southern African Vegetable oils](#)) and market segments (e.g. [Anti-ageing](#)).