

Practical market insights for your product

Resins for the German market

German buyers are searching for new sources of resin supply. Traditional sources are having difficulty coping with increasing demand in emerging markets.

Nepal has an opportunity to become an attractive alternative to those sources.

This requires a thorough understanding of buyer requirements in different market segments and corresponding quality management.

PRODUCT DEFINITION

Next to providing information on the German market for resins in general, this fact sheet focuses on resins from Nepal, with particular attention for rosin and turpentine. The end-markets under review in this fact sheet include food, cosmetics, and pharmaceuticals. However, several resins, such as rosin, are actually used in much larger quantities in technical applications, such as coatings and adhesives. The respective markets may differ considerably from the markets under review.

ROSIN



1. ROSIN

Rosin, also known as colophony, colophonium or Greek pitch, is a resin obtained from crude pine resin. Pine trees exude crude resin when tappers injure the trees through cutting. The pine species determines the productivity and quality of the resin.

Rosin is the residue that is left after distillation of the crude resin. Rosin is a semi-transparent substance with its colour varying from light yellow to almost black. Its chemical composition (see Table 3) consists of resin acids, including abietic acid. The substance carries a faint piny odour.

Rosin obtained through distillation is often referred to as gum rosin to distinguish it from Tall Oil Rosin (TOR) and wood rosin. TOR is a by-product of the kraft pulping process, while wood rosin is obtained from processing tree stumps after cutting the trees down.

Table 1 shows that the chemical composition of rosin enables conversion into a wide range of downstream derivatives.

TABLE 1: APPLICATIONS OF ROSIN

Segment	Application	Benefits
Cosmetics	Soaps and detergents	Reacts with caustic and carbonated alkalis to form soaps
Food	Chewing gum	Glazing agent
Adhesives	Adhesives	n.a.
Paper	Paper sizing agent	n.a.
Printing	Inks	Adhesiveness, surface smoothness
Coatings	Coatings	n.a.

In 2013, global gum rosin production was estimated at 650 thousand tonnes.

China is the main supplier of gum rosin, accounting for around 75% of global production in 2013. Brazil (15%) and Indonesia (10%) are the other major suppliers.

TURPENTINE



2. TURPENTINE

Turpentine is a by-product of rosin production. It is obtained through distillation of crude pine resin. Pine trees exude this crude resin when tappers injure the trees through cutting. The species of those pine trees determine the productivity and quality of the resin and thus turpentine.

Distillation of crude resin results in turpentine, which is a clear liquid with a pungent odour. Turpentine consists mainly of terpenes (see Table 3).

Turpentine obtained through distillation is often referred to as gum turpentine to distinguish it from its substitute crude sulphate turpentine (CST), which is a by-product of pulping pine trees for paper-making.

Similar to rosin, the chemical composition of turpentine enables conversion into a wide range of downstream derivatives, as shown in table 2. Conversion of turpentine through processing, such as fractional distillation, requires economies of scale and is therefore most feasible for large established producers.

TABLE 2: APPLICATIONS OF TURPENTINE

Segment	Application	Benefits
Cosmetics	Disinfectants and cleaning agents	Adding pine odour
Fragrance	Use in fragrance diffusers, incense products, candles, and aroma-therapeutic oils	Adding fragrance
Food	Flavouring	Adding flavour
Painting industry	Cleaning agent	Solvent for paints and varnishes

In 2010, the global market for gum turpentine amounted to approximately 170 thousand tonnes. Again, China is the main supplier of gum turpentine, accounting for around 75% of global production in 2010. Brazil (9%) and Indonesia (7%) are the other major suppliers. Since 2010, global gum turpentine production is estimated to have decreased by around 25%. The three major origins have maintained more or less similar market shares.

CLASSIFICATION OF RESINS

- Harmonised System (HS) codes used for trade registration by customs:
 - 1301.90 – “Lac; natural gums, resins, gum-resins, and oleoresins (for example, balsams) (excluding gum arabic)”
 - 3806 – “Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums”
- A Chemical Abstract Service (CAS) Registry Number “provides an unambiguous way to identify a chemical substance or molecular structure when there are many possible systematic, generic, proprietary or trivial names”. European buyers use CAS numbers to ensure that they are buying the correct product.
 - Rosin: CAS No. 8050-09-7
 - Turpentine: CAS No. 8006-64-2
- [Cosing](#), the European Commission database of cosmetic substances and ingredients, lists resins separately under their INCI names. The International Nomenclature of Cosmetic Ingredients (INCI) is a system of names that ‘differ greatly from the systematic chemical nomenclature or from more common trivial names’. Cosmetics manufacturers use the INCI system to find out if and how they can use the ingredients.
 - Rosin is listed as *Colophonium*
 - Turpentine is listed as Turpentine gum (*Pinus spp.*), Turpentine oil and rectified oil and Turpentine, steam distilled (*Pinus spp.*)

Please note that English terms are not botanical species-specific, while Nepalese quality is related to specific botanical species.

PRODUCT SPECIFICATIONS

QUALITY

Consistent quality is a major concern for German buyers of resins and is related to physical properties, chemical composition, and prevention of contamination by foreign materials including adulterants. Exporters must know the properties of their product and are responsible for quality management, which requires close cooperation with their suppliers, the growers.

- ISO standard [19334:2010](#) for gas-chromatographic method for determining the amounts of certain rosin acids in gum rosin.
- ISO standard [11020:1998](#) for turpentine oil (*Pinus pinaster Sol.*)
- ISO standard [21389:2004](#) for oil of gum turpentine (mainly from *Pinus massoniana Lamb.*)

PHYSICAL PROPERTIES AND CHEMICAL COMPOSITION:

- Resins are harvested from different areas using different procedures. Tree variety and environmental conditions such as climate and time of harvesting all have an influence on product quality.
- Check these examples of Technical Data Sheets (TDS) for [rosin](#) and [turpentine](#) for information on their physical properties.
- The main chemical constituents of the two selected resins are identified in the table below:

TABLE 3: CHEMICAL COMPOSITION OF ROSIN AND TURPENTINE

Resins	Main chemical constituents
Rosin	Abietic acids, pimaric acids, palustric acids, merkusic acids
Turpentine	d-3-carene (51.9%), a-pinene (20.9%), terpinolene (5.0%), limonene (4.0%), longifolene (3.9%)

- Buyers often also determine the quality of resins on a more subjective basis, by looking at appearance (colour and viscosity) and aroma.
- In the rosin trade, the following grades are used: G, H, K, M, N, W, WG, WW, X. G is the lowest grade, while X is the highest. Since there are no international standards for rosin, suppliers and buyers use their own specifications for grading. Colour is the main grading factor. Other factors include softening point, acid value, alcohol insoluble material, unsaponifiable matter and ash.

TIP:

- Information on the chemical profile by (accredited) laboratories of the resin is important to buyers. Work together with a local university department to test your resin. They can help determine the chemical profile of the resin to be included in your product documentation, such as Product Fact Sheet and specifications.

Contamination by foreign materials, such as bark and dust, is a common quality problem related to handling of resins. German buyers need pure resins, which require little further processing before they are ready for use by manufacturers or further chemical modification.

TIPS:

- Be clear on what quality you can supply continuously. Once you develop a quality standard, you must be able to maintain that same level of quality, including when scaling up your production.
- Standardise and minimise significant variations in your product's quality by closely monitoring harvesting practices. Hire an expert to inspect the collection randomly and train collectors when necessary. Consider incentives when you train collectors to improve the handling quality of resins.

- Prevent contamination by sand and undesired plant parts by training collectors to cut properly, and by keeping facilities, storage rooms, and equipment clean.
- Minimise significant discrepancies in quality by following strict grading and sorting standards.

LABELLING

Resins must be labelled for traceability and safety during handling and transport.

- As an exporter, facilitate traceability of individual batches with markings on each container and registration in an administrative system, whether they are produced by blending or not.
- Use the English language for labelling unless your buyer has indicated otherwise.
- Labels must include the following:
 - Product name/INCI name
 - Batch code
 - Place of origin
 - Name and address of exporter
 - Date of manufacture
 - Best before date
 - Net weight
 - Recommended storage conditions
 - Hazard symbols
- For organic certified resins specifically, add name/code of the inspection body and certification number.
- Suppliers of hazardous chemical substances to Germany must comply with the Regulation for Classification, Labelling and Packaging of chemicals to ensure that hazards present are clearly communicated. Suppliers must include the relevant hazard symbols (example shown below), risk phrases, and safety phrases in their Material Safety Data Sheets and product labels.



Examples of hazard labels

Refer to the [Commission Directive 2001/59/EC](#) on classification, packaging, and labelling of dangerous substances for an elaborate definition of the risk and safety phrases and of the abbreviated symbols.

TABLE 4: RELEVANT HAZARD INFORMATION FOR THE 2 SELECTED PRODUCTS

Product	Applicable risk phrase	Hazard symbol	Safety phrase
Rosin	R43	Xi	S2, S24, S37
Turpentine	R10, R20, R21, R22, R36, R38, R43, R51, R53, R65	Xn, Xi, N	S5, S23, S24, S25, S26, S36, S37, S39, S51, S61, S62

PACKAGING EXAMPLES



PACKAGING

- [ISO standard 210:2014](#) provides general rules for packaging, conditioning, and storage of essential oils.
- Always consult your buyer for specific packaging requirements.
- Ensure preservation of the quality of resins by:
 - Using containers of a material that does not react with constituents of the resin (e.g. lined steel or paper bags).
 - Cleaning and drying the containers before filling them with resin.
- Facilitate the re-use or recycling of packaging materials by, for example, using containers of recyclable material (e.g. metal or paper).
- Store the containers in a dry, cool place to prevent quality deterioration.
- Check in the [HazMat database](#) if your product is hazardous and has a UN number. Always use UN-approved packaging for hazardous products. For more information, check the details provided by the [European Federation of Essential Oils](#) on the transport of dangerous goods.
 - UN no. Rosin: Not applicable
 - UN no. Turpentine: 1299
- Organic resins should remain physically separated from conventional resins.

REQUIREMENTS YOU MUST MEET

The applicability of legislative requirements for the export of resins depends on their destination. In general, requirements are most strict when the resin is destined for use in food. Requirements are less strict when the resin is destined for use in technical applications, such as varnishes.

TABLE 5: LEGISLATIVE REQUIREMENTS FOR RESINS IN GERMANY

Subject	Explanation	Reference
Applicable for food		
Food safety	Food processors must have a food safety management system in place based on HACCP principles. This does not have to be certified.	EU Buyer Requirements for natural colours, flavours, and thickeners
Permitted flavourings	Only permitted flavouring substances are allowed to be used in or on foods. All chemical constituents of a resin must be on the Union list of flavouring substances.	EU Buyer Requirements for natural colours, flavours, and thickeners
Applicable for cosmetics		
EU Cosmetics Regulation	Restrictions on the use of substances in cosmetics and requirements for so-called 'Cosmetic Product Safety Reports' and 'Product Information Files'. You cannot make medical claims on cosmetic ingredients. A list of cosmetic functions is available (reference only).	EU Buyer Requirements for Natural Ingredients for Cosmetics

Also refer to the [EU Export Helpdesk](#) for more information on legislative requirements.

COMMON REQUIREMENTS

The requirements listed below are common in Germany. Most of your competitors already comply with these requirements.

TABLE 6: COMMON REQUIREMENTS FOR RESINS IN GERMANY

Subject	Explanation	Reference
Applicable for all markets		
Sustainability	German buyers prefer suppliers that can demonstrate good standards in sustainability. This involves social and environmental responsibility, as well as sustainable sourcing practices.	EU Buyer Requirements for Natural Ingredients for Cosmetics
Documentation	Ensure your buyer can access the following documentation: <ul style="list-style-type: none"> ■ Technical Data Sheet (TDS) or Specification ■ Certificates of analysis to support the claims of the specification ■ GMO, Halal, and Kosher certificate (if requested) ■ Certificate of origin 	EU Buyer Requirements for Natural Ingredients for Cosmetics
Representative samples	Your sampling method should result in lot samples that represent what you can deliver in terms of quantities, quality and lead times as specified by the buyer and in your technical data sheet.	ISO 13632:2012 for sampling and sample preparation for rosin and ISO 212:2007 for sampling of essential oils and ISO 356:1996 for preparation of essential oil test samples
Delivery terms	Pay attention to strict compliance with delivery terms as agreed upon with your buyer.	EU Buyer Requirements for natural colours, flavours, and thickeners
Website	German buyers look for credible suppliers. You can improve the perceived credibility of your company by developing your website accordingly.	EU Buyer Requirements for natural colours, flavours, and thickeners
Applicable for food		
Certification of food safety	Many German food manufacturers require their suppliers to implement a HACCP-based food safety management system such as ISO 22000.	EU Buyer Requirements for natural colours, flavours, and thickeners
Applicable for cosmetics		
Good Manufacturing Practices (GMP)	The European Federation for Cosmetic Ingredients has developed a standard for GMP.	EU Buyer Requirements for Natural Ingredients for Cosmetics
International Fragrance Association (IFRA) Standards	IFRA Standards form the basis for the globally accepted and recognised risk management system for the safe use of fragrance ingredients.	EU Buyer Requirements for Natural Ingredients for Cosmetics
Documentation	Ensure the buyer can access the following documentation: Technical Data Sheet including CAS number and information on allergens (in accordance with IFRA standards) Material Safety Data Sheet (Example of an MSDS in compliance with international standards)	EU Buyer Requirements for Natural Ingredients for Cosmetics

NICHE REQUIREMENTS

The requirements listed below are only relevant for specific market segments. Compliance with these requirements is only recommended for exporters targeting the corresponding niches.

TABLE 7: NICHE REQUIREMENTS FOR RESINS IN GERMANY

Subject	Explanation	Reference
Applicable for all markets		
Certification of sustainability	Certification of organic and/or fair production is increasingly appreciated by German buyers.	EU Buyer Requirements for natural colours, flavours, and thickeners
Applicable for cosmetics		
Natural Cosmetics	'Natural cosmetics' are often referred to as cosmetics containing a certain minimum amount of natural ingredients. The introduction of standards defining the natural cosmetics market has driven the development of private sector standards. The introduction of standards like NaTrue and Cosmos .	EU Buyer Requirements for Natural Ingredients for Cosmetics

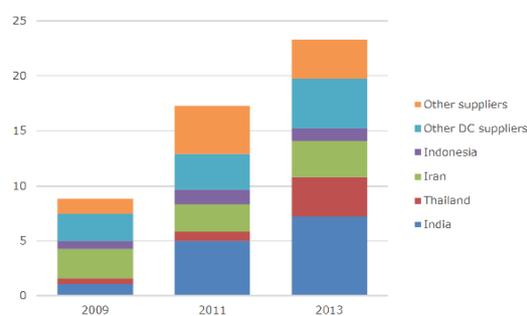
TRADE AND MACROECONOMIC STATISTICS

The figures below are based on trade data for “Lac; natural gums, resins, gum-resins, and oleo-resins (for example, balsams) (excl. gum arabic)”. The resins in this group are mainly being used as natural ingredients for food, cosmetics, and pharmaceuticals, which are the markets under review in this fact sheet.

However, rosin in particular also has other major uses. For more information on these other markets for rosin, analyse trade data on “Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums” (HS code 3806). This group contains much of the rosin derivatives being used for adhesives, coatings, and other technical applications.

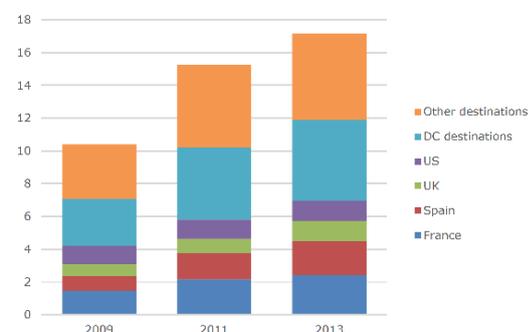
Although there are no records of Germany importing resins from Nepal, the analysis below does provide an interesting overview of the German market and its main current suppliers.

FIGURE 1: MAIN SUPPLIERS TO THE GERMAN MARKET OF RESINS, VALUE IN MILLION EUROS



Source : Eurostat 2014

FIGURE 2: MAIN DESTINATIONS OF GERMAN RESINS EXPORTS, VALUE IN MILLION EUROS



Source : Eurostat 2014

IMPORTS

In 2013, the German imports value of resins amounted to 23 million euros/4.6 thousand tonnes. During the period between 2009 and 2013, import value increased continuously, at an annual rate of 23%, while the import volume fluctuated. The main driver behind this development is the price increase of resins, which can be attributed to two main factors. Firstly, the demand in emerging markets such as China has been expanding continuously. Secondly, growing demand for natural products has had a positive effect on the demand for natural resins.

The majority of resins imports directed to the German market originated in DCs (85%). More specifically, for 2013, India represented 31% of the total import value to Germany. Other major suppliers of resins include Thailand (15%), Iran (14%), and Indonesia (5%). Resin imports originating from intra-EU sources are relatively small (12% in 2013). However, between 2009 and 2011, European imports directed to the German market increased rapidly, after which they decreased moderately between 2011 and 2013, mainly due to price fluctuations. .

TIP:

- DCs play an important role in the German market for resins and thus the competition will be fierce for DC exporters. Therefore, it is recommended to position your product in a unique way, using its country of origin in your market story.

EXPORTS

Between 2009 and 2013, German exports of resins increased considerably, amounting to 17.1 million euros/1.5 thousand tonnes in 2013. It is important to note that resins are produced predominantly outside of European borders. A large part of German exports actually comprise re-exports of value-added products. The German resins industry plays an important role in the European market as an importer and processor of resins. The German products largely go to intra-European destinations, representing 61% of the total German exports value. More specifically, the majority of German exports were directed to France (14%), Spain (12%), UK (7%), and US (7%).

TIP:

- Target the German market to benefit from the processing capacity and European-wide sales network of the German resins industry.

PRODUCTION

- European production of resins focuses on rosin. In 2011, total gum rosin and Tall Oil Rosin (TOR) production was estimated at 17.4 thousand tonnes and 122 thousand tonnes, respectively (LURESA, 2011). Gum rosin production is relatively small compared to the global gum rosin production of 650 thousand tonnes.
- Due to high labour costs in Europe, the gum rosin production is relatively expensive and has lost its competitiveness in comparison to countries such as China and Brazil. The latter have taken over much of the rosin production from Europe in the past decades. Nonetheless, the current high prices of gum rosin are stimulating European production again, which is concentrated in Portugal, Spain, and France. The gum rosin production in Germany is negligible.
- Tall Oil Rosin, as a by-product of the paper-making industry, is less expensive. Finland is Europe's major producer (estimated production: 59 thousand tonnes), followed by Sweden (35 thousand tonnes), France (16 thousand tonnes), and Austria (8 thousand tonnes).

INDUSTRIAL DEMAND

Industrial demand for resins from the food industry

- Growing demand for processed foods in emerging markets and growing demand for natural foods drove global food additives sales to an estimated 27 billion euros in 2013. Between 2009 and 2013, the additives market increased by 5.4% annually (Leatherhead Food, 2014).
- Despite growth in the global additives market, the German food industry constitutes only a small market for resins. For example, the food industry is estimated to account for less than 5% of the market for rosin. Manufacturers only use resins or their derivatives as additives in small amounts and for very few applications. For example, they use rosin as a glazing agent for chewing gum.

Industrial demand for resins from the cosmetics industry

- Germany is the leading European market for natural cosmetics, as opposed to cosmetics with mainly synthetic ingredients. In the first half of 2013, the German market for certified natural cosmetics grew by 10%. The expected turnover for that year amounted to 950 million euros.
- The natural trend is the main driver of industrial demand for resins in cosmetics. However, within the cosmetics industry, the use of resins in perfumes shows less growth than other uses. There is more product development for other segments of the cosmetics industry.

Industrial demand for resins from the pharmaceutical industry

- Although the German pharmaceutical industry is sizeable, it is an insignificant market for resins from Nepal. In fact, rosin is not allowed as a pharmaceutical ingredient or in food supplements.

MARKET TRENDS

NATURAL INGREDIENTS

The German market for food, cosmetics, but also many other end-products, is increasingly propelled by the “natural” trend, as the awareness of environmental and social issues is becoming more central to consumer choice. As this is a growing trend, producers are increasingly looking for new natural substances to include in their products. The 10% growth in certified natural cosmetics in Germany in the first half of 2013 is illustrative in that respect.

TIP:

- Within the cosmetics market, focus on the market for natural cosmetics, specifically for fragrances where odoriferous resins are most commonly used. Despite little growth in this segment, it is still the biggest market for odoriferous resins.

ETHICAL PRODUCTS

A growing interest in ethically sourced products provides an opportunity for fair trade and environment-friendly produced resins. In addition, consumers are interested in the story behind the products. German manufacturers respond to this need by actively communicating about the ingredients in their products with the most compelling stories about product, production, origin, local benefits, and traditions. They often stimulate suppliers to improve the sustainability of their business by taking appropriate measures. Suppliers do not necessarily need to be certified accordingly. However, buyers appreciate certificates as proof.

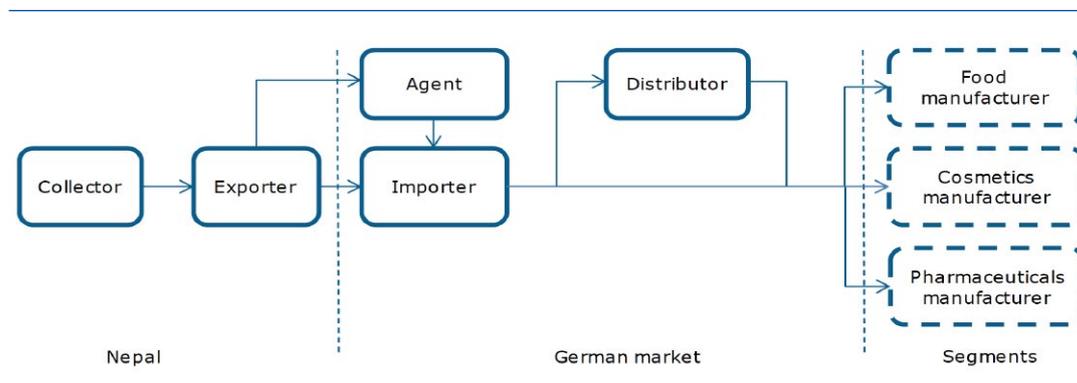
TIPS:

- Check your opportunities for supporting German buyers with their ethical sourcing. Consider certification when buyers need proof of your business' sustainability.
- In addition to certification, focus on the story behind your resin in your promotional material. Helping German producers communicate stories that set them apart in the market will also help to position your own company better in the market.

MARKET CHANNELS AND SEGMENTS

MARKET CHANNELS

FIGURE 4: MAJOR MARKET CHANNELS FOR RESINS



- Specialised natural ingredients importers** account for German imports of most resins. These importers often offer a full range of resins, such as myrrh, olibanum, and elemi to their customers and serve as a one-stop shop. Compared to many other natural ingredients sectors, the amount of resins importers is relatively small. Trade in many resins consists of small quantities, which makes the bulking function of importers particularly important to achieve economies of scale and maintain low price levels.
- Rosin is exceptional** in terms of trade volume. Compared to many other resins, the trade in rosin is of a relatively large scale. Importers of raw materials for technical industries (e.g. coatings) account for most trade in this product.
- German manufacturers prefer a one-stop shop** instead of having to deal with many different suppliers for their ingredients purchasing. They are generally not interested in sourcing directly in the countries of origin, such as Nepal. They also appreciate the services of importers, including sourcing, legal documentation for customs clearance, and warehousing. For similar reasons, many food manufacturers make use of distributors. The latter can often offer an even larger product range than importers and are particularly good at delivering products just in time with a short lead time.

TIP:

- Benefit from the experience and knowledge of specialised German importers and agents instead of approaching end-users directly. Especially for exporting specialised products, traders are the most suitable distribution channels.

MARKET SEGMENTS

- **Manufacturers of pharmaceuticals and foods are most demanding** in terms of quality while manufacturers of technical applications, such as coatings, are generally less demanding. Pharmaceutical and food manufacturers will require the best grades while applying very strict Maximum Residue Levels. Cosmetics manufacturers and other industrial users will accept lower grades. For example, the soap-making industry uses G to N grades of rosin, which are the lowest grades available.
- Organic, Fairtrade, and otherwise (certified) **sustainable resins form a growing niche market** in Germany. In fact, Germany is a leading market for organic products, including organic cosmetics, and also plays a major role in the European Fairtrade market. Both markets for organic and Fairtrade products are expanding and no longer limited to products such as fruits, wine, and spices.

TIPS:

- Find out about requirements in different segments and improve your product to gain access to more demanding market segments.
- Check with your (potential) buyers if they require certification of sustainability. Some buyers will audit suppliers themselves to verify claims regarding sustainability.

PRICE

- **Quality heavily influences resins prices.** High quality resins can fetch prices up to twice as high as low quality resins. Basically, buyers will pay considerably lower prices when they need to process the resins before they can use them.
- **Prices of many pine resins increased** in the past decade. The emergence of major consumption markets, such as China and India, puts a lot of pressure on the production of diverse products and especially natural ingredients.
- Between 2012 and 2014, **rosin prices increased to exceptionally high levels** of USD 2.5/kg, compared to normal price levels of USD 1-2/kg in the past decade. In the past 2 years, 2 major suppliers stepped out of the market and in 2013, a 30% smaller crop caused a further price increase.
- At the beginning of 2015, gum rosin prices had slowly declined back to around USD 2/kg.

TIPS:

- Pay strict attention to handling in order to minimise quality loss and thus price loss. Also apply strict sorting and grading to sort out the low quality resin. Determine physical properties and chemical composition of different grades to establish appropriate price levels.
- Anticipate price developments by monitoring harvests in major markets. For example, monitor developments in China for Rosin by regularly checking: www.rosinnet.com or www.rosin-china.com.

FIELD OF COMPETITION

MARKET ENTRY

The strong German resins market still offers room for new entrants. This is especially the case for suppliers that differentiate themselves from the competition with an attractive chemical profile, a higher quality or an interesting provenance story. The latter will become particularly interesting in the long-term. Nonetheless, new entrants face considerable barriers.

Minimum quantities

Minimum quantities required by buyers are becoming increasingly high, as they aim to reduce overhead costs per unit.

TIPS:

- Some scale is required to export to Germany. For example, the minimum quantity interesting for German importers for rosin is 1 container (around 20 tonnes). However, economic viability of a rosin processing site requires an annual throughput of around 1,000 tonnes of crude resin annually.
- Use the potential of your domestic market, where you can start with small quantities of crude resin (< 20 tonnes) to expand to the scale required for the export of processed resin to Germany (> 20 tonnes per shipment). You can also use the experience acquired in supplying your domestic market to develop your business and prepare for the heavy competition in the global market.

STRICT PRODUCT SPECIFICATIONS

Buyer expectations of services from suppliers are increasing. Compared to other European buyers, German buyers are particularly demanding in terms of services. They expect suppliers to understand their buyer's product specifications and to adapt their production processes if product specifications of buyers or production conditions change. For this reason, buyers prefer long-term trade relationships and will only switch to new suppliers if the latter offer significantly better products and/or services.

TIPS:

- Optimise your supply chain and production process for quality consistency and obtain a certificate for quality management (e.g. ISO 9000 or 22000).
- Build long-term trade relationships to evade competition with other market entrants in the spot market.

PRODUCT COMPETITION

In general, resins continue to face strong competition from synthetic substitutes. European manufacturers can synthesise many of the chemical constituents of resins. Synthetic ingredients are generally cheaper and more reliable in terms of supplies, chemical profile, and quality consistency. Despite these advantages of synthetic ingredients, the demand for natural resins remains strong and, at times, even grows. The natural trend, as described earlier, is prompting German manufacturers of diverse products to use natural resins instead of synthetic substitutes. Some manufacturers even substitute synthetic products by natural products. For example, in the food industry, manufacturers aim for 'clean labels' that do not contain names of ingredients which may be perceived as chemicals by consumers.

TIPS:

- Promote the fact that your product is natural.
- Maximise quality consistency and stability of supplies in terms of quantities to improve competitiveness compared to synthetic substitutes. These are common weaknesses of natural products compared to synthetic substitutes. Refer to the section "Product specifications" for information on how to achieve this.
- When the specifications of your resin differ from previous supplies, clearly communicate to your buyer what caused the differences (e.g. quality of crops).

- Establish long-term trade relationships with your own suppliers in order to secure stable supplies.

COMPANY COMPETITION

Until recently, European buyers, and particularly German buyers, were extremely price-sensitive and readily switched to cheaper suppliers. However, since the emergence of China and other developing countries as markets for resins, the market situation is changing radically. Former net-exporters of resins are turning into net-importers. The amount of resins, rosin in particular, available on the international market decreases. As such, Europe and the USA are no longer the only destinations for suppliers.

German buyers have to respond to this trend by investing more resources in their existing trade relationships and are searching for new origins, such as Nepal. They are diversifying their sources to mitigate the risk of losing existing suppliers to other buyers who are competing for the same raw materials. They are becoming particularly appreciative of suppliers who invest in sustainable supplies while possessing a thorough understanding of their buyers' interests.

TIPS:

- Point out to buyers that availability of resins from traditional sources is threatened by domestic consumption in those countries and that Nepal can become a major alternative source of resins in the long term. Explain about sector development in Nepal, including improvements in production capacity.
- Gain a better understanding of your buyers' needs and take more responsibility for your products in order to comply with expectations. For example, cooperate with other stakeholders in your sector to establish a laboratory to learn about the properties of your products
- Please refer to [CBI Field of Competition](#) for more information.

USEFUL SOURCES

Visiting and especially participating in trade fairs is highly recommended as one of the most efficient methods for testing market receptivity, obtaining market information, and finding prospective business partners. The most relevant trade fairs in European food, cosmetics, and pharmaceuticals markets for exporters of resins are:

- In-Cosmetics www.in-cosmetics.com
- Beyond Beauty www.beyondbeautyparis.com in Paris, France
- SANA www.sana.it/en in Bologna, Italy
- Biofach www.biofach.de in Nuremberg, Germany (for organic producers)
- Health Ingredients Europe www.figlobal.com/hieurope/home in Frankfurt, Germany

MORE INFORMATION

CBI market information: Promising EU export markets.

EU Expanding Exports Helpdesk – <http://exporthelp.europa.eu> – go to “trade statistics”.

Eurostat – <http://epp.eurostat.ec.europa.eu/newxtweb> – statistical database of the EU.

Several queries are possible. For trade, choose “EU27 Trade Since 1995 By CN8”.

Use the guide “Understanding Eurostat: Quick guide to easy comext”

http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf
for instructions.

International Trade Statistics – www.trademap.org – you have to register

This survey was compiled for CBI by ProFound – Advisers In Development in collaboration with CBI sector expert Klaus Duerbeck. April 2015.