IMPORT PROMOTION DESK

CBI
Ministry of Foreign Affairs

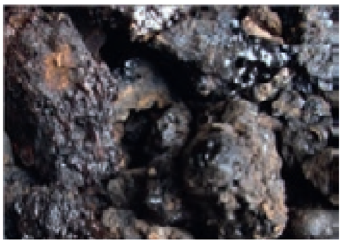
Practical market insights for your product

Asphaltum/Shilajit/stone oil

More and more European consumers are interested in non-Western health solutions. Those of an Ayurvedic tradition are often used in conjunction with wider lifestyle choices, encompassing nutrition, exercise and meditation, but products such as shilajit are also used in food supplements outside of this tradition. Cosmetics with shilajit are also marketed in Germany. The German market is less developed than the UK and especially Eastern European markets but does offer opportunities. German market entry can also take place through manufacturers in these other markets.

PRODUCT DEFINITION

SHIJALIT



Source: Wikipedia

Shilajit, is an oily, tar-like mineral wax. It is mainly found in the Himalayas. It is similar to other stone oils (also called asphaltum), such as mumijo. Stone oils under this name originate from the Altai and Caucasus mountains. Both terms are often used interchangeably in Europe. Tyrolean stone oil is a similar product found on the market specifically in Germany (and Austria).

Stone oils from different origins can display differences in their composition[1], and especially in buyer and consumer perception as explained below. The confusion in the market is further increased as other rock minerals and types of asphaltum (with a significantly different composition), such as Ozokerite, are also sometimes referred to as mumijo or shilajit.

Shilajit is an exudate from rock layers in high altitude zones of mountain ranges. It is formed by organic and plant compounds that have been compressed by layers of rock. As a result of high temperatures and pressure, the compounds can change into shilajit. When layers of the material resurface, the sun's heat on mountain slopes can cause the material to seep out of rock cracks. It can then be collected. In other cases, the material is actively mined, leading to rapid depletion of the resource. Shilajit has a wide colour range, from pale brown to blackish-brown. The latter is more common.

Shilajit has been used for thousands of years in traditional medicine systems such as Ayurveda, Siddha and Unani as a rejuvenator and adaptogen and is currently also used as such by South Asian populations in Europe. Mumijo was used extensively in health products in the former Soviet Union. As such, the product (either named mumijo or shilajit) is present on markets in Eastern Europe, both in the Baltic States as well as in countries such as Poland and Bulgaria.

[1] Substantial literature is available on the composition of different stone oils. However, very few offer a comparative analysis. References to research by the University of Benares are made here. Another reference of interest is this research poster from the University of Oldenburg. Interesting research is also available through (mostly Indian) companies, for example Sabinsa, an Indian producer of food supplements.

In Europe, including Germany, shilajit is currently not allowed for use in medicinal products. Please refer to Box 1 for more insights. Therefore, this factsheet focuses on the food supplement and cosmetic segments, in which shilajit can be used.

BOX 1: SHIJALIT IN MEDICINAL PRODUCTS

Although shilajit is not currently allowed in medicinal products, information on the historical use of stone oils in Europe is available, for example in the UK (shilajit in Ayurveda), Germany/German speaking countries (Steinöl/stone-oil) and Eastern Europe (mumijo). According to industry sources literature on its use is available but has not been compiled.

Moreover, shilajit and other stone oils are referenced in (historical) reference works of pharmaceutical drug specifications both in Europe (e.g. Bavaria) and beyond (e.g. India) and clinical research, especially from the former Soviet Union states and India is available. For example, check the references in this article.

According to industry experts, a literature and feasibility study comparing current materials to EU requirements for market authorisation would be required to determine the possibilities of marketing shilajit-based medicinal products in the future.

TABLE 1: APPLICATIONS OF SHILAJIT

Segment	Application	Benefits mentioned in literature	Claims
Health	Food supplement - (Ayurvedic) health solutions.	Adaptogen, immune health, digestive health, improve memory and cognition, antioxidant, gives energy, improves bone health	In Germany, most manufacturers do not make claims about the product. Product claims by companies are often based on other product constituents: e.g. "zinc contributes to a normal functioning immune system". Other companies refer to the traditional use in Ayurveda, or its chemical constituents. EFSA proposes that shilajit: Helps to maintain bone strength, helps maintain joint health. See an example from Poland.
Cosmetics	Cosmeceuticals and skincare formulations (creams and lotions)	Anti-inflammatory, antioxidant, anti-acne	Soothing, cleansing, antioxidant, smoothing. Product claims focus on soothing irritated skin.

TIP:

- Please refer to the rules on claims as determined in the EU Cosmetics Regulation and the list of cosmetic functions used in Cosing.

CLASSIFICATION OF SHILAJIT

HS CODES	DESCRIPTION
2714.90	Bitumen and asphalt, natural; asphaltites and asphaltic rocks

Although used in cosmetics and food supplements by a significant number of companies, shilajit's regulatory status remains somewhat unclear. Because of this, and the low quantities available to the European market, the product remains a niche product.

As shilajit is not yet included in the European list of authorised additives (e.g. as a mineral), its use in food supplements depends on the supervisory approach of the food safety body of the respective EU country (see box 1).

With regard to cosmetics, no INCI name has been assigned to shilajit. The cosmetic companies identified use mumijo or shilajit on their labels. The number of companies using the product will remain small until an INCI name is assigned to it.

BOX 2: SHIJALIT IN FOOD SUPPLEMENTS

In countries where a market authorisation is required (e.g. Latvia, Poland), health authorities have checked the safety and legality of the label used for shilajit products. In countries such as Germany, where only product registration is required, the responsibility for product safety and compliance with food law provisions lies with manufacturers/distributors. In countries such as the UK, no notification is required.

In all cases, after market placement, safety and compliance checks can be made by health authorities and safety data needs to be available to them. Although manufacturers marketing the product are responsible, they can request such data from their suppliers. Moreover, it remains the state's prerogative to designate products as medical products and demand compliance accordingly. Lastly, no claims can be made about the products' benefits. Make sure as a supplier that you also refrain from making inappropriate claims (see Table 1).

TIPS:

- More research is needed to clarify how German regulators deal with the status of shilajit and comparable products for food supplements. Such research should help to determine the most appropriate market entry strategy for your company and determine exact product portfolio requirements. Industry experts and researchers in Germany such as for example a company like Analyze and Realize, and the Federal Office of Consumer Protection and Food Safety (BVL) are important sources for this research.
- More research is needed on the application of shilajit in cosmetics. For proper use in cosmetics, producers must apply for an INCI (International Nomenclature for Cosmetics Ingredients) name at the Personal Care Products Council. A request for the allocation of an INCI name must be submitted to the council, which will conduct a preliminary review. After that, the International Nomenclature Committee (INC) will review the application and decide whether to assign an INCI name.

PRODUCT SPECIFICATIONS

QUALITY

According to industry sources, the chemical composition of shilajit depends on the specific region it comes from, due to different geographical and environmental factors. These include the minerals and indigenous plants present at the time of formation, the moulds and bacteria involved in the biodegradation of the organic matter, geothermal pressure, local temperature and humidity. Unprocessed shilajit commonly contains between 60 and 80% organic compounds and 20 to 40% non-organic, mineral compounds. The organic matter consists of humic substances, mainly fulvic acids. Shilajit contains a wide range of minerals at varying content levels. The main ones are calcium, potassium and magnesium.

Intrinsic quality

In general, the quantities of shilajit available are so limited that quality requirements are not stringent. Companies are willing to accept most qualities. Shilajit can also be standardised, when a solvent extract is produced and, if required, blended to ensure a constant quality. Standardised shilajit is often spray-dried (powder). The most important quality determinant for both unprocessed and standardised shilajit is the content of fulvic acids, with a higher content of such acids resulting in a higher quality product. There is no international standard on the composition of shilajit, therefore this will depend on the preference of the respective buyer. This needs to be determined in a chemical analysis. Industry sources were not willing to share composition, colour or origin preferences.

TIPS:

- Information on the chemical profile by (accredited) laboratories is important to buyers. An example is Eurofins Scientific. Work with a local university department for testing and documentation to be included in your product dossier such as a Product Factsheet and specifications. This facilitates communication with buyers.
- Provide a comparison of your product with products from other origins in your marketing materials.

Handling quality

- Prevent contamination by sand and other contaminants by training collectors to collect and handle the exudates correctly.
- Minimise significant discrepancies in quality by following strict grading and sorting standards for raw materials selection.
- Purity of the extract is important in the case of shilajit standardisation. Again the required composition of shilajit depends on your (prospective) buyer as there is no international standard.

TIPS:

- Standardise and minimise significant variations in your product's quality by closely monitoring collection practices. Always make sure that the quality of the standardised product (e.g. by combining early and late harvests, or different areas, and by purification methods) matches your buyer's requirements.
- 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, also when up scaling your production

LABELLING

- Facilitate the traceability of individual batches through an internal documentation and registration system using batch numbers for each specific batch, their origin and 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
  - Batch code
  - Place of origin

- Name and address of exporter
- Date of manufacture
- Best before date
- Net weight
- Recommended storage conditions

FOOD GRADE CONTAINERS

PACKAGING

Always consult your buyer for specific packaging requirements. Unprocessed shilajit is commonly packaged in wooden or plastic crates, depending on the availability of packaging material. Ensure the quality of standardised shilajit (powder) by cleaning and drying the containers (see example) before filling them with shilajit.

Facilitate the reuse or recycling of packaging materials by, for example, using containers produced from recyclable material (e.g. metal). Store the containers in a dry, cool place to prevent quality deterioration.

REQUIREMENTS YOU MUST MEET

The applicability of requirements for the export of mineral substances depends on their destination. In general, requirements are strictest when the substance is destined for food supplements rather than when they are destined for use in cosmetics.

TABLE 2: LEGISLATIVE REQUIREMENTS FOR MINERAL SUBSTANCES FOR COSMETICS AND FOOD SUPPLEMENTS

Subject	**Explanation**	**Reference**
Applicable for food supplements		
Food safety	Food processors must have a food safety management system in place based on HACCP principles	EU Buyer Requirements for Natural Ingredients for Health Products
Food supplements	Food supplements cannot claim therapeutic properties or the ability to prevent or treat. EU legislation states that only certain vitamins and minerals are allowed in food supplements. In Germany food supplements containing shilajit are registered, most commonly as Mumijo.	EU Buyer Requirements for Natural Ingredients for Health Products
Novel food legislation	Food ingredients that were not consumed within the EU before 15 May 1997 need to be approved. According to industry sources, shilajit was on the market in Europe prior to this date, indicating that Novel Food does not apply.	EU Buyer Requirements for Natural Ingredients for Health Products
Applicable to cosmetics		
EU Cosmetics Regulation	Lists restrictions on the use of substances in cosmetics and the requirements of 'Cosmetic Product Safety Reports' and 'Product Information Files', including nomenclature. Please note that shilajit currently does not have an INCI name, which limits the number of companies using shilajit. 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
REACH	Mineral substances for use in cosmetics, which occur in nature and are not chemically modified are exempt from the European Chemicals Agency under REACH (Registration Evaluation and Authorisation of Chemicals) legislation. The burden of proof lies with the importer.	EU Buyer Requirements for Natural Ingredients for Cosmetics

Also refer to the EU Export Helpdesk for more information on buyer requirements.

COMMON REQUIREMENTS

These requirements are common on the market, although they are not legal requirements, buyers do expect shilajit producers to meet them.

TABLE 3: COMMON REQUIREMENTS FOR SHILAJIT

Subject	Explanation	Reference
Applicable to all markets		
Sustainability	Where there is traditional use of shilajit, 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: Technical Data Sheet (TDS), Specification, and/or Material Safety Data Sheet (for cosmetics), Certificates of analysis to support the claims of the specification, Certificate of origin	EU Buyer Requirements for Natural Ingredients for Cosmetics EU Buyer Requirements for Natural Ingredients for Health Products
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	EU Buyer Requirements for Natural Ingredients for Cosmetics
Applicable to food (*including food supplements*)		
Food safety certification	Supplement manufacturers that supply supermarket or drugstore chains will require their suppliers to implement (HACCP-based) food safety management systems such as ISO 22000, since they are asked to comply by their buyers. For now, Shilajit is not sold through these channels and current buyers should, in general, not request this.	EU Buyer Requirements for Natural Ingredients for Health Products
Applicable to 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

NICHE REQUIREMENTS

Niche requirements are applicable to specific niche markets, such as organic. As a mineral product, shilajit cannot be certified as organic. No standards are currently available for its certification as a fair traded product by Flocert – Fairtrade International. However, Fair for Life, from the Institute for Marketecology (IMO) does provide an opportunity for certifying small-scale mining products.

TABLE 4: NICHE REQUIREMENTS FOR SHILAJIT

Subject	Explanation	Reference
Applicable to cosmetics		
Natural cosmetics	'Natural cosmetics' are often referred to as cosmetics containing a certain minimum amount of natural ingredients, such as shilajit. The introduction of standards defining the natural cosmetics market has driven the development of private sector standards, such as the introduction of standards like NaTrue and Cosmos.	EU Buyer Requirements for Natural Ingredients for Cosmetics

TIP:

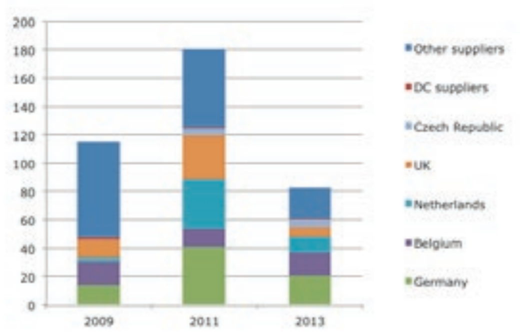
- Contact Fair for Life to determine the applicability of fair mining certification on shilajit collection and mining. It can also be worthwhile to follow developments around "FairGold", a Fairtrade International Certification initiative, which is currently expanding beyond its focus on gold. Fair certification could support the product's marketing on the German market.

TRADE AND MACROECONOMIC STATISTICS

(!) No specific trade statistics are available for shilajit. Therefore, statistics included in this segment are for "bitumen and asphalt, natural asphaltites and asphaltic rocks". Trade statistics are included for the European market, as imports by Germany are low (at 0.3% of EU imports).

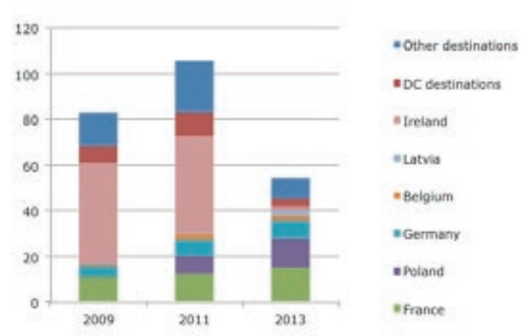
Please be aware that this is a large product group; shilajit accounts for only a small share. Therefore, care should be taken when drawing conclusions from the figures below.

FIGURE 1: MAIN SUPPLIERS TO THE EUROPEAN MARKET OF NATURAL BITUMEN AND ASPHALT, IN MILLION EUROS



Source : Eurostat 2014

FIGURE 2: MAIN DESTINATIONS OF EUROPEAN NATURAL BITUMEN AND ASPHALT EXPORTS, IN MILLION EUROS



Source : Eurostat 2014

IMPORTS

Nepal exported 5 tonnes of natural bitumen to the EU in 2013. With regard to other possible sources of shilajit/mumijo, only Georgia (48 tonnes), India (7 tonnes), Turkmenistan (122 tonnes) and Iran (148 tonnes) reported exports to the EU. Other exporters identified in literature (e.g. Kazakhstan, Kyrgyzstan) do not report exports to the EU.

In 2013, total European imports amounted to 489 thousand tonnes/83 million euros. Between 2009 and 2011, the volume of imports was relative stable but fell dramatically between 2011 and 2013 (-34%). At the same time, the value of imports fell by 54%.

Leading importers of natural bitumen are mainly Eastern European countries such as Latvia, Slovenia, and Poland. Western European importers of note include France (the largest importer in value), Ireland and Denmark.

Germany is one of the few countries that increased its imports between 2009 and 2013. Import value grew by 40% annually, while volume grew by 3% annually, to 5.3 thousand tonnes/ 2.9 million euros respectively.

Currently, Germany does not import natural bitumen and asphalt from Nepal. In terms of volume, the main suppliers to Germany in 2013 were Trinidad (59%) and the USA (33%). As these countries are not sources of shilajit, this concerns different products.

TIP:

- Consider analysing the export data of countries that produce similar or competing mineral substances such as India. In some cases, more specific export statistics are available from the statistics offices of exporting countries. You could, for example, check the website of their Departments of Commerce. Another source is a research company such as Zauba.

EXPORTS

From 2009 to 2013, EU exports of natural bitumen decreased by 13% in volume and 9% in value, annually. In 2013, they amounted to 297 thousand tonnes/51 million euros. The largest exporters in 2013 were Belgium, Austria, Poland and the UK. Austria is a producer of stone oil preparations. For Poland and the UK this could partly concern re-exports of shilajit or other stone oils. However, the largest will concern other natural bituminous or asphalt products. Germany held a share of 1.4% in value of total European exports. In 2013, German exports were mainly destined for Turkey and Switzerland.

CONSUMPTION

In Europe, shilajit is most commonly sold as a food supplement. The European market for the product is quite small. Standardised shilajit extract (in different forms) is the most common form of shilajit commercialised in Europe, with a much smaller share for the raw material (mostly to herbal practitioners).

In Eastern Europe, mumijo is more commonly used in traditional health products. This substance is similar to shilajit. Here, the standardised product is sold in the form of tablets or capsules. For example, in Latvia, Poland and Slovakia, companies have gone through an authorisation procedure to sell it as a food supplement. In Germany most sales of shilajit/mumijo also appear to be in the form of tablets and capsules.

In the UK and Ireland most sales of shilajit are dispensed by Ayurvedic practitioners. They buy the raw material which they process themselves. Sales of ready-to-use supplements are minimal.

INDUSTRIAL DEMAND

According to data from Micro Market Monitor (MMM), a market research company, Europe's mineral health ingredient market will grow to 637 million euros by 2018 (Nutra Ingredients, 2014). Between 2013 and 2018, the market is expected to grow at a compound annual growth rate of 7.2%.

The most preferred application of minerals as a health ingredient in Europe is for food supplements. The increasing popularity of food supplements is the result of a consumer wish to improve overall health, as is discussed under Market Trends.

In 2013, Germany held the highest share of the European mineral market, 25%. European companies selling shilajit food supplements are often quite small and specialise in Ayurvedic health products, especially in the Netherlands, Germany and the UK. There are also several small companies which sell shilajit as a wholesale product, mostly to Ayurvedic practitioners. Additionally, several American companies sell shilajit products in the EU.

Food supplements containing shilajit are both produced by European companies and by manufacturers in origin countries, such as India. When sourcing from Indian producers, European buyers often import shilajit as a final product from Indian manufacturers, which is then sold on the European market. Some companies from India are selling directly on the market especially in Eastern Europe. Western Europe also provides opportunities for direct sales, according to industry sources.There are a few companies in Europe who use shilajit or mumijo as a cosmetic ingredient. These are mostly located in Eastern Europe. Western European companies selling cosmetics with shilajit often import from Eastern Europe.

TIP:

- Determine your potential for producing shilajit-based food supplements, to capture more value added. Industry sources indicate that, considering the niche market and the strong power over raw materials, manufacturers from origin countries should be able to supply European markets with final products. However, to do so, local partners are vital for marketing and distribution. For example, there is a Nepalese company selling shilajit supplements in Latvia.

MARKET TRENDS

HOLISTIC HEALTH – ADAPTOGENS AND IMMUNE BOOSTERS

European consumers are increasingly looking for preventative measures to safeguard their health. This includes healthier and often more natural nutrition, more exercise, but also food supplements. In Europe the categorisation of different health products as adaptogens and immune boosters is increasingly popular, often with claims focused on "improved balance", "reduced stress" and "general well-being". Examples of products used as adaptogens are eleuthero (*Eleutherococcus senticosus*), ashwaganda (*Withania somnifera*), ginseng (*Panax ginseng, Panax quinquefolius*), rhodiola (*Rhodiola rosea*) and reishi mushrooms (*Ganoderma lucidum*). Shilajit is marketed in a similar manner when looking at European manufacturers' marketing materials.

TIP:

- Stress the traditional use of shilajit to improve balance and improve general well-being in your marketing activities. However, make sure you are not making inappropriate claims about your product. Please refer to the section on requirements in this factsheet.

AYURVEDIC HEALTH

Shilajit is mostly used in health products according to the Ayurvedic tradition. Ayurvedic health and lifestyle solutions have a significant following in Europe, especially in the UK. This is not only because of its large South Asian population, but also because of a key interest among the general public in non-Western health practices. In continental European countries, and especially German-speaking countries, this segment has a smaller following as consumers are generally more focused on well-documented Western herbal medicine. Still, interest is increasing, often related to "health lifestyles", including yoga or meditation.

The marketing potential of Ayurvedic health solutions has been curtailed due to legislative changes, most notably the Traditional Herbal Medicine Products Directive (THMPD). Documentation requirements could not be met for some Ayurvedic herbs (e.g. documented use in Europe) and the market potential of many is too small to merit investments in marketing authorisations. In addition, many Ayurvedic products contain a wide range of ingredients, which makes authorisation costs even higher. Finally, and most pertinent to shilajit, THMPD does not incorporate mineral ingredients. Minerals may only be added when their action is supplementary to that of the active herbal ingredients regarding the specified claimed indication. Still, licensed practitioners can dispense it. Examples were found in the UK and Poland, but not in Germany. It is now mainly used as a food supplement.

TIPS:

- You can approach food supplement manufacturers, especially in countries where the product, or a similar product, is already marketed, such as in Eastern Europe. You will need to be able to supply safety documentation.
- You can market shilajit to food supplement manufacturers in other areas in Europe. In this case, as well as elaborate documentation, a strong marketing story will be needed to show the benefits compared to substitute products.

THE MINERAL TREND

As mentioned above, the use of minerals in supplements is increasing significantly. Major marketing efforts by supplement manufacturers were key in this development, as unlike many herbal ingredients, minerals are not considered 'trendy' enough to capture attention. They try to capture the attention of consumers by looking at delivering nutrition in a way that is different from tablets or capsules. Based on changing demands from their customers, who are looking for improved convenience, taste and texture, they are increasingly formulating water-soluble solutions and, as such, are interested in water-soluble ingredients.

Another trend for minerals is the shift from rock-derived minerals to plant and marine-based minerals, linked to their different absorption and bioavailability and more natural connotation. Competition from those minerals can threaten the market position of shilajit outside of the Ayurvedic segment.

The increased use of natural minerals in cosmetics is also interesting. Several companies in Europe market products containing shilajit, also using stories about shilajit's application in Ayurveda health products.

TIPS:

- The long history of the use of shilajit can offer supplement manufacturers a means of differentiating themselves on the mineral supplements market. Link your marketing clearly to shilajit's well-documented use in Ayurvedic medicine, without mentioning medical claims.
- Furthermore, although shilajit is a rock exudate, its compounds are mostly organic. This should be marketed to manufacturers.

NATURAL INGREDIENTS

The European market for food supplements and cosmetics is increasingly propelled by the 'natural' trend, as awareness of environmental and social issues are playing a more central role in consumer choice. As this is a growing trend, manufacturers are increasingly looking for new natural ingredients to include in their products.

TIP:

- Stress that shilajit is a naturally occurring mineral substance in your marketing materials. Although shilajit is not a plant-based ingredient, to which the above trend mainly applies, its origin is both natural as well as interesting in terms of marketing potential.

ETHICAL PRODUCTS

A growing interest in ethically sourced products provides you with an opportunity for profiling your company as an ethical enterprise.

TIP:

- Demonstrate your company's ethical practices in your communication materials as well as in a code of conduct or a company CSR policy. Communicate using images, with short stories about the product, production, origin, local benefits and traditions, or using the producer's corporate image. The more enticing the images, the more useful your offer becomes to manufacturers because they can use it in their own promotional activities. Organic and fair trade certification are not available for shilajit.

SUSTAINABLE SOURCING

Ensuring the sustainability of supply is increasingly relevant to EU ingredient buyers. Considering the large investments in product development and documentation, companies cannot take chances with their supply of strategic ingredients. Moreover, they need to ensure their supply is produced in a way that is not damaging or exploitative. Exporters will have to make their supply chains more transparent and take more responsibility for the sustainability of raw material production.

As shilajit is a non-renewable resource, companies are worried about sustainability on both sides of the supply chain. European companies fear for the sustainability of their supply. Moreover, some companies do not want to use non-renewable resources for their natural products as this practice is inconsistent with their corporate/ethical strategy. For example, the German company Apeiron, specifically mentions that its product is based on collection from nature, not mining.

TIP:

- Show that you are conscious of the non-renewable nature of your products and how you use sustainable extraction practices which do not damage the source (using exudates, not mining). This should be documented as well as (preferably) supported with marketing materials.

MARKET CHANNELS AND SEGMENTS

MARKET CHANNELS

According to industry sources, the most common form of trade is direct trade between suppliers of shilajit and European manufacturers. Intermediaries such as importers or agents are not important in this market. However, some buyers use local representatives in supplying countries to ensure sufficient supplies from different small producers. In most cases, agents are based in India but partly source from Nepal.

Shilajit can be exported as a raw material or as a standardised extract. Extracts are produced using solvent extraction and spray-drying. The market in Europe is mostly for shilajit extract, rather than the raw material. However, many Nepali exporters currently do not have the capacity for extraction.

Additionally, companies produce capsules containing shilajit in the country of origin. According to industry sources, particularly Indian manufacturers are mostly processing shilajit into capsules in India. These are then exported to Europe as a finished product.

TIPS:

- Rather than using importers and agents, target end users directly. Ensure that you can provide all the necessary information about your shilajit, including specifications and chemical analyses.
- Determine your potential for producing an extract of shilajit, while ensuring sufficient quality for your (potential) buyers. As there are no international standards for the composition of shilajit, you need to confer with your buyers on their required quality. At origin local partnerships might be needed, either between producers, or between producers and extraction companies to make it a viable business proposition.

MARKET SEGMENTS

SMALL RANGE OF APPLICATIONS

As discussed in the product definition, shilajit is used in two segments on the European market: in food supplements and in cosmetics. Of these, food supplements offer the most potential as shilajit's benefits can be marketed more effectively and consumers are more willing to pay its high price. Here, shilajit is commonly sold as a standardised product, in the form of tablets, capsules or (in some cases) as solutions to be dissolved in water or milk. Shilajit is less commonly sold as a raw material, in which case it is ground by users or herbal practitioners.

There are also some companies in Eastern Europe who use shilajit as a cosmetic ingredient. Here, the standardised extract (in powder form) is used.

TIP:

- Refer to the properties and traditional use of shilajit in your promotional material. Make sure you do not make health claims!

PRICE

There is demand for shilajit, but supplies are very low. Pricing depends on the quality of shilajit, and differs between standardised and unprocessed shilajit. Industry sources were not transparent on the price range of shilajit. One estimation that was found is an estimation for unprocessed shilajit. According to one industry source this is priced at around 3,000 euros per kg.

Due to a lack of transparency from European buyers, it is not possible to provide an insight into the price breakdown of the shilajit value chain.

FIELD OF COMPETITION

MARKET ENTRY

The market for shilajit is open to new suppliers. Quantities available to market players are low, and prices are high. As demand is also low, especially for non-standardised shilajit, new suppliers could substantially distort the market.

Small quantities acceptable to the market
Due to the scarcity of the product and its high prices, small quantities are acceptable to the market. This can make it easier for new suppliers to enter the market. Market entry is mostly limited from the perspective of access to raw materials (remote, physical distance between naturally occurring sources, seasonal occurrence, etc.). When the resource is mined, this is less of a concern but this conflicts with the sustainable concerns of European buyers, especially considering the fragile mountain environments from which the product originates.

Product specifications waved due to extreme scarcity
Not only are Shilajit (and to a lesser degree Mumijo from Central Asia) scarce resources, where German buyers need to compete with South Asian, Eastern European and increasingly North American buyers, the authenticity of products offered on the market is unclear. Moreover, large quantities of products marketed as shilajit are in fact other products, such as Ozokerite. As such, quality is not always at the forefront. An important step to market entry can already be made by demonstrating that the product is genuine. According to industry sources, this is the main requirement, along with an analysis to determine the content of fulvic acids. Lastly, suppliers should supply a product with a low level of impurities.

TIPS:

- Document your product to differentiate yourself from suppliers supplying comparable substances such as Ozokerite.
- Do not underestimate the value of elaborate documentation for successful entry into the German market. Some German buyers apply higher quality standards than their peers in other European markets.

PRODUCT COMPETITION

In the supplements market, Shilajit faces competition from different angles, based on different reasons for buyers' use of the product:

- Part of the appeal of shilajit to buyers stems from its composition and origin, e.g. a mineral exudate. However, there is a lack of clarity in the market regarding what shilajit is in comparison to other similar products (e.g. such as Ozokerite, Mumijo and Tiroler Steinöl etc). Mumijo and Shilajit in particular are used interchangeably by some market players. Within international trade, it is sometimes difficult to make a distinction. In German-speaking countries, Tirolor Steinöl can be a particularly fierce competitor, especially in the skincare segment. On the other hand, most food supplement manufacturers in Germany (and Europe) currently market shilajit/mumijo products based on the "traditional Ayurvedic/Asian medicine" story and are not interested in similar products.
- Another buyer interest is shilajit's capacity to meet an important consumer need to enhance balance and general well-being. However, many more of those products are available (such as ginseng, mentioned above), often at much lower prices.
- Lastly, buyers can market shilajit as a health product based on Ayurvedic medicine. Also here, strong competitors exist which can make similar claims, e.g. popular products such as ashwaganda and triphala. The latter is a mixture of Amalaki (*Emblica officinalis*), Bibhitaki (*Terminalia bellerica*), and Haritaki (*Terminalia chebula*).

In comparison to its substitutes, shilajit faces three bottlenecks. Firstly, it's a scarce resource, which is closely related to its high price and limited availability. This translates directly into insecurity for buyers in Europe. Secondly, shilajit does not originate from a resource that is renewable in the short term. Thirdly, although shilajit is marketed in Europe the "legal basis" of its market position is not secure. Industry sources indicated that close scrutiny by European food safety authorities could jeopardise its marketability.

TIPS:

- Target buyers/segments where the full appeal of shilajit can be leveraged: looking at natural origin, its properties and its traditional use. This is important, as for other buyers/segments, the bottlenecks of shilajit will be largely insurmountable.
- Be specific in your claims, avoid "wild" claims which exist on the market for shilajit and comparable products (e.g. stamina, sexual health). Making such claims will damage your reputation with serious buyers in Europe, especially in Germany.

Please note that in the cosmetics sector, the health and traditional use benefits of shilajit cannot be leveraged in a similar manner while many alternatives exist for the propertiesmentioned (soothing, anti-oxidant). This means that competition will be much fiercer in the cosmetics sector.

COMPANY COMPETITION

Several companies in Nepal, Kyrgyzstan, Russia and India supply shilajit and mumijo to Europe, also in the form of standardised extracts. In addition, shilajit food supplements are also produced in India. Companies producing a standardised extract or final product, such as food supplements, and that are able to produce this at a sufficient quality, may have a competitive advantage over those who only produce the raw material. This offers opportunities for companies to increase added value, when these can meet (prospective) buyers' needs.

TIP:

- Gain a better understanding of your buyers' needs and take more responsibility for your products in order to comply with expectations. This includes better documentation about your product and the way you produce as well as reduce damage to its fragile origin.

USEFUL SOURCES

An interesting source of information is the European Federation of Associations of Health Product Manufacturers (EHPM).

TIP:

- Check EHPM's website for regulatory information as well as member lists. These are national associations, where you should be able to find European companies.

TRADE FAIRS

The most relevant trade fairs in Europe for exporters of shilajit are:

- Vitafoods, Europe's main nutraceutical trade show, with a strong focus on ingredients and raw materials for nutraceuticals, food supplements, nutri-cosmetics and functional food.
- In-Cosmetics is the main trade event in the world for the personal care industry.
- Anuga, the world´s largest food fair offers increasing participation by the "wellfood" sector, including food supplements and functional food.
- Health Ingredients Europe is a key event for the nutraceutical and functional food sector.

TIP:

- Visit and especially participate in trade fairs to test market receptivity, obtain market information and find prospective business partners

TRADE PRESS

Several trade magazines are published in Europe, several of which also have online newsletters. Next to these, there are a few online resources that provide a wealth of information.

- Nutraceuticals Now is a technical review with information on functional products and ingredients.
- Nutraceutical Business Review has a strong focus on the players in the health products industry, but also provides information about ingredients, regulation and research.
- Nutraceuticals World provides a monthly magazine, a newsletter as well as online resources.
- NUTRAIngredients.com provides information about the European health products sector with a strong focus on natural ingredients.
- The organisation behind the Health Ingredients Europe fairs also offers online resources at its Ingredients Network including news items and a blog.

TIP:

- Make sure you stay abreast of relevant trends, company information and regulatory changes by closely following relevant trade press.

This survey was compiled for CBI by ProFound – Advisers In Development in collaboration with CBI sector expert Jos Leeters. November 2015.