

ESSENTIAL OILS  
**MARKET REPORT**  
AUTUMN 2020

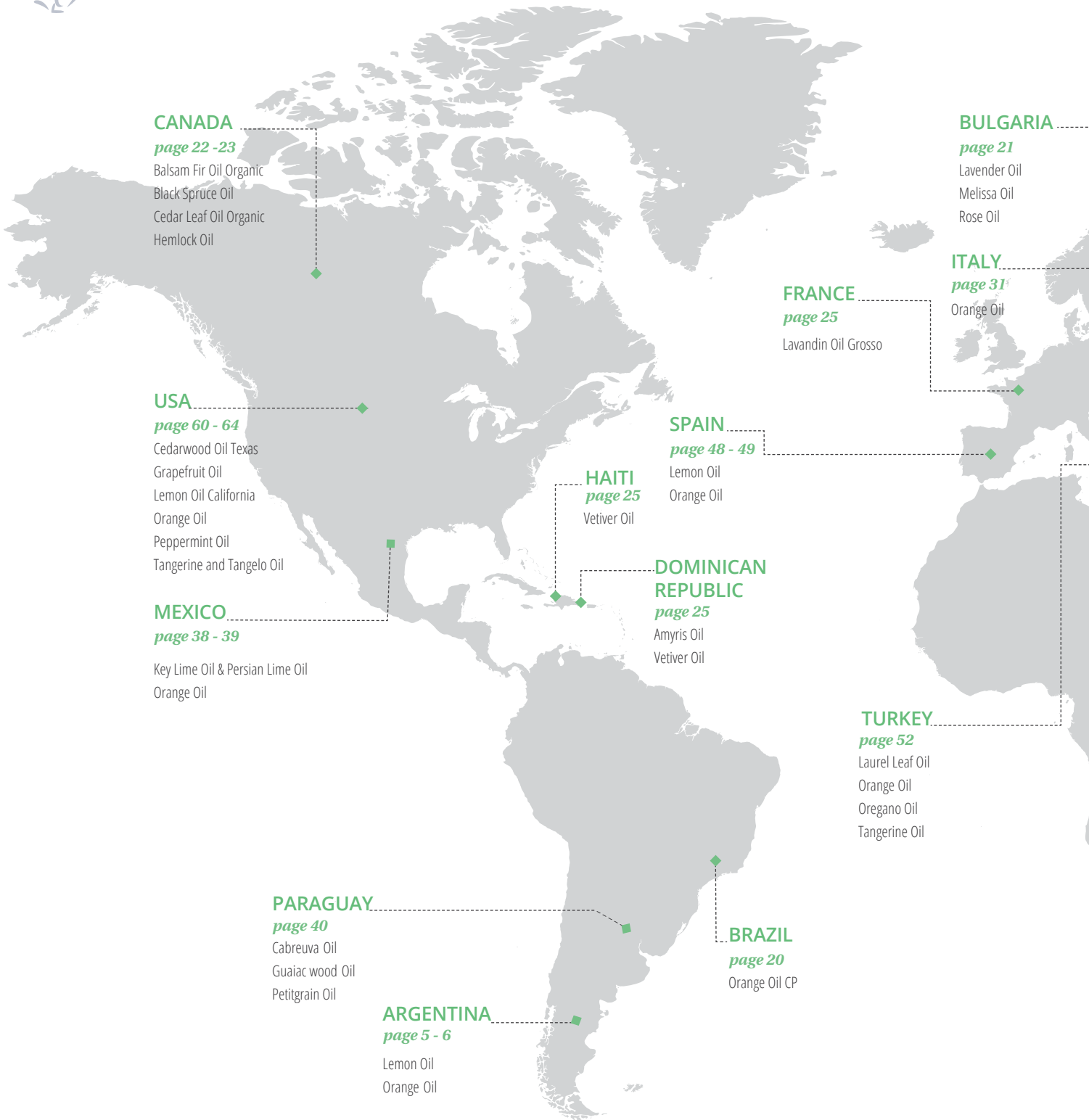
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**Ultra International B.V.**  
Essential Oils, Ingredients, F & F

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**ARTICLES**

*Ultra Values: Lisa Piccininni on her Journey in Essential Oils*

page 14 - 18

*A Heaven "Scent" Profession: A Journey Filled with Fragrance*

page 32 - 36

*From Coal to Fragrances: Jos Cunningham aces the Consumer-Centric Approach*

page 54 - 58

*Leading The Development: Of Eucalyptus Oils*

page 66 - 70

**RUSSIA**

*page 41*

- Clary Sage Oil      Juniper Oil
- Coriander Seed Oil      Pine Oil
- Dillweed Oil      Thuja Oil
- Fir Needle Oil

**INDIA**

*page 26 - 27*

- Basil Oil      Peppermint Oil
- Ginger grass Oil      Palmarosa Oil
- Lemongrass Oil      Sandalwood Oil
- Mentha Arvensis Oil      Spearmint Oil

**TANZANIA**

*page 50*

- African Sandalwood Oil

**MADAGASCAR**

*page 38*

- Vanilla

**EGYPT**

*page 25*

- Basil Oil Linalool
- Blue Chamomile Oil
- Cumin Oil
- Marjoram Oil
- Neroli Oil
- Petitgrain Mandarin Oil

**SRI LANKA**

*page 50*

- Cinnamon Bark Oil
- Cinnamon Leaf Oil
- Citronella Oil
- Clove Bud Oil
- Clove Stem Oil
- Nutmeg Oil

**SOUTH AFRICA**

*page 42 - 47*

- Bucchu Oil
- Eucalyptus Radiata Oil
- Eucalyptus Smithii Oil
- Grapefruit Oil
- Lemon Oil
- Orange Oil
- Tagette Oil
- Tea Tree Oil

**AUSTRALIA**

*page 8-13*

- Anise Myrtle Oil
- Blue Cypress Oil
- Buddhawood oil
- Eucalyptus Dives Oil
- Eucalyptus Horistes Oil
- Eucalyptus Staigeriana Oil
- Kunzea Oil
- Lemon Myrtle Oil

- Lemon Scented Tea Tree Oil
- Rosalina Oil
- Sandalwood Lanceloatum Oil
- Sandalwood Vanuatu Oil
- Sandalwood Oil WA
- Sandalwood Album Oil
- Tea tree oil
- White Cypress Oil

**CHINA**

*page 24*

- Cassia Oil      Litsea Cubeba Oil
- Citronella Oil      Valerian Root Oil
- Eucalyptus Oil      Wintergreen Oil

**INDONESIA**

*page 28 - 30*

- Cananga Oil
- Citronella Oil
- Clove Oil
- Nutmeg Oil
- Patchouli Oil
- Vanilla
- Vetiver Oil

**NEW ZEALAND**

*page 40*

- Manuka Oil



The sun has mellowed from its fierce summer avatar, and the flamboyant colours of summer are giving way to the crisp hues of autumn. The greens give way to carpets of oranges and browns. The advent of autumn augurs the onset of the festive season, especially in India, but this year the mood is sombre.

Like every other industry, we are also thrown up against challenge after challenge. Our farming communities, logistics partners, and colleagues are struggling to overcome uncertainties and apprehensions. In a different, not-so-long ago world, we would be bustling to prep for the IFEAT conference. It is with a pinch of sadness that we remember IFEAT Berlin that had promised to live up to its reputation. Nevertheless, we do have the IFEAT Virtual Conference from 17<sup>th</sup> to 19<sup>th</sup> November to look forward to, as well as the postponed IFEAT 2020 Berlin Conference which will take place from 12<sup>th</sup> to 16<sup>th</sup> September 2021. Also, just as the waning of summer brings in new sensations of autumnal splendour, let us celebrate new awakenings that this pandemic has nudged us into. We are working hard at finding balances and innovations, new pastimes, and novel ways of socialising. We have reconnected not just with friends and family, but with our inner selves and nature. Despite the arduous road ahead, there is beauty and hope to be found, even in these tough times.

Speaking of journeys, we have some special ones for you in this report. It is close to our hearts because it encapsulates the experiences of some key members of the Ultra family who have contributed significantly to who we are today. We take you through Lisa Piccininni's zesty citrus journey, and how Jos Cunningham's fascination for rocks is of immense value in our explorations of natural sources. You will also get an insight into how Miguel Doval's nose for aroma led him to work as an essential oil specialist, and Gaëtan's aromatic tryst with Ultra. You will see how these diverse backgrounds of geology, perfumery, purchasing, and business management contribute to making Ultra a leading name in the business. This report is a salutation to their work and passion.

In addition, we bring you the usual roundup from the fields. The hard-hitting effects of Corona have been felt far and wide. It is heartening that despite the hurdles compounded by weather fluctuations, work continues to progress, albeit at a much slower pace. There is a lesson that we must imbibe, that there are opportunities in challenges.

Do exercise caution and stay safe. The pandemic still lurks.

We hope that the world situation normalises soon.

*Priyamvada Sanganeria*

*Director, Ultra International BV*





## LEMON OIL

*Citrus limon (L.) Burm. F.* 🌐 Argentina

Argentina is the second largest lemon exporter in the world, after Spain. Depending on the quality of the product and the time of the year, approximately 75% of the total production goes for processing, 8% goes to domestic consumption and 17% is exported as fresh fruit.

The Argentine Northwest Citrus Association (ACNOA) has stated that even though the lemon plantations have optimum quality, it is estimated that this season's production has fallen by 30% to around 1.4 million metric tonnes, as a consequence of climatic complications. Lack of rain at the end of last winter and during spring and summer, combined with high temperatures are the main factors causing smaller lemon sizes and an overall lower total crop size. In addition, COVID-19 led to harvesting starting very aggressively, with the cutting of lemons that were still small. All this is likely to result, according to the first ACNOA projections, in an estimated reduction in fruit processing in 2020 to 1.0 – 1.1 million MT, i.e. a minimum reduction of 2,000 MT of lemon oil compared to 2019, with very little carryover oil from last season. The current season shows a contrasting behaviour to that of previous seasons, with 2019 beginning with an over-stock of lemon oil as a result of the excellent 2018 season. This has had an impact on lemon oil prices, which are edging up gradually, assisted lately by an increased demand.

Regarding lemon juice concentrate, the industry is facing a clear drop in supply, while the demand behaviour is not so clear, as it has not yet recovered from the COVID-19 effect. Buyers are still evaluating how the market will react after COVID-19, as consumption has been greatly affected by the change in traditional sales channels.

Citrus productions in Argentina have faced a difficult season in 2018/2019, and for the current year will also have to overcome a complex economic scenario. Inputs are kept in USD, generating an extra cost compared to the previous season. Moreover, there is a sharp rise in production costs and freight prices, alongside high tax pressure.

On the 1<sup>st</sup> of July, the National Service for Agrifood Health and Quality (Senasa) decided to suspend the export of fresh lemons from Tucumán to the EU, after verifying the presence of the disease known as “black spot”. Black spot is a disease caused by a fungus that manifests itself by spots of this colour on the skin of the fruit. It does not affect its safety for human consumption but the European Union considers it a quarantine pest that needs to be excluded. This decision has a strong economic impact for Argentinian producers and exporters, as well as for the country due to the fall in foreign exchange earnings. An investigation has now begun to identify the causes that led to this situation. Argentina is the major supplier of fresh lemons to the EU, as well as Argentina’s main export market. In 2019, 126,863 MT were exported to the EU; that is, 54% of Argentina’s total exports and around 25% of total European imports. It is estimated that around 100,000 MT of Argentine lemons have already entered the EU market since the start of this campaign in March 2020 to date.

📈 USD 18.00 /kilo

### USDA ESTIMATED ARGENTINIAN LEMON PRODUCTION, SUPPLY AND DISTRIBUTION 2016/17 TO 2019/20 ('000 MT)

	2016/17	2017/18	2018/19	Jan 2019/20	Jul 2019/20
Production	1,450	1,770	1,780	1,600	1,400
Fresh Domestic Consumption	90	151	170	150	80
Processing	1,122	1,348	1,377	1,150	1,100
Total Exports	241	272	234	300	220

### ORANGE OIL

*Citrus sinensis* 🌍 Argentina

There are no carryover stocks from last year, and with the pandemic the consumption has soared. As a result, raw materials are constrained with inadequate supplies for processing. The prices have gradually firmed up and the market is expecting a further tightening on this oil.

📈 USD 7.00 /kilo







golden grove  
NATURALS



IMMUNI  
POSITIVI  
SAFE

TEA

TREE OIL





golden  
grove  
NATURALS





Blessed with an abundance of rich natural resources, Australia for a long time now has enjoyed the fruits of political stability, growing economic prosperity and vibrant cosmopolitan culture. Buoyed by a good workforce, the southern nation was able to stand her ground during the global financial meltdown of 2008. However, the country could not avoid the crippling effects of the COVID-19 pandemic. Her dream ended as the government officially declared two consecutive quarters of negative growth. Australia's economy touched its nadir in its recorded economic history since 1959. The

economy shrank by 7% over the quarter ending June 2020. Over a million people were left jobless, with the unemployment rate clocking 7.5%. This is by far Australia's worst unemployment figure in the last 22 years and it shows no signs of abating any time soon. Economists forecast that this figure is likely to increase as we move into the next quarter. Experts are of the opinion that suppressing the Corona virus is the only ray of hope in boosting the economy to make a slow comeback.





## ANISE MYRTLE OIL

*Syzygium anisatum* 🌍 Australia

The demand for this oil has dwindled and stagnated. The crop was severely affected by the drought and so the total crop is greatly reduced. Efforts are on to scale up the capacities for increasing production of anise myrtle but as of now, prices are hovering at high levels.

🏠 AUD 541.00 /kilo

## BUDDAWOOD OIL

*Eremophila mitchellii* 🌍 Australia

Buddawood oil distillation has been significantly impacted by the bushfires that ruined and laid waste much of the farmlands and devastated wildlife. The harvesting season takes place from March to October with timber collection being underway at present. Production has started again albeit slowly but supplies are insufficient to meet market requirements.

🏠 AUD 550.00 /kilo

## EUCALYPTUS HORISTES OIL

*Eucalyptus kochii* 🌍 Australia

The practice of crop rotation over the last few years has resulted in a healthy increase in the eucalyptus crop size. April to November is the conventional harvesting season but the COVID-19 pandemic threw up numerous logistical challenges. Distillers found it a challenge to transport biomass to the producing units, resulting in input costs shooting through the roof.

🏠 AUD 37.00 /kilo

## BLUE CYPRESS OIL

*Callitris intratropica* 🌍 Australia

Blue cypress oil is harvested throughout the year. Over the last few years, production facilities have been enhanced to cater to the steadily escalating demand that this oil has been commanding. Brilliant blue in colour, this has grown to become one of Australia's signature plant products. With improved facilities and an established supply chain producers are able to fulfil growing demand.

🏠 AUD 520.00 /kilo

## EUCALYPTUS DIVES OIL

*Eucalyptus dives* 🌍 Australia

Peppermint eucalyptus is Australia's new kid on the block. Demand patterns over the last few years show an upward curve, but existing production facilities are unable to keep up. In addition, the volumes of oil output have been significantly depleted by the erratic weather and dry spells of the past year. This has prompted producers to establish additional plantations to ramp up production quantities.

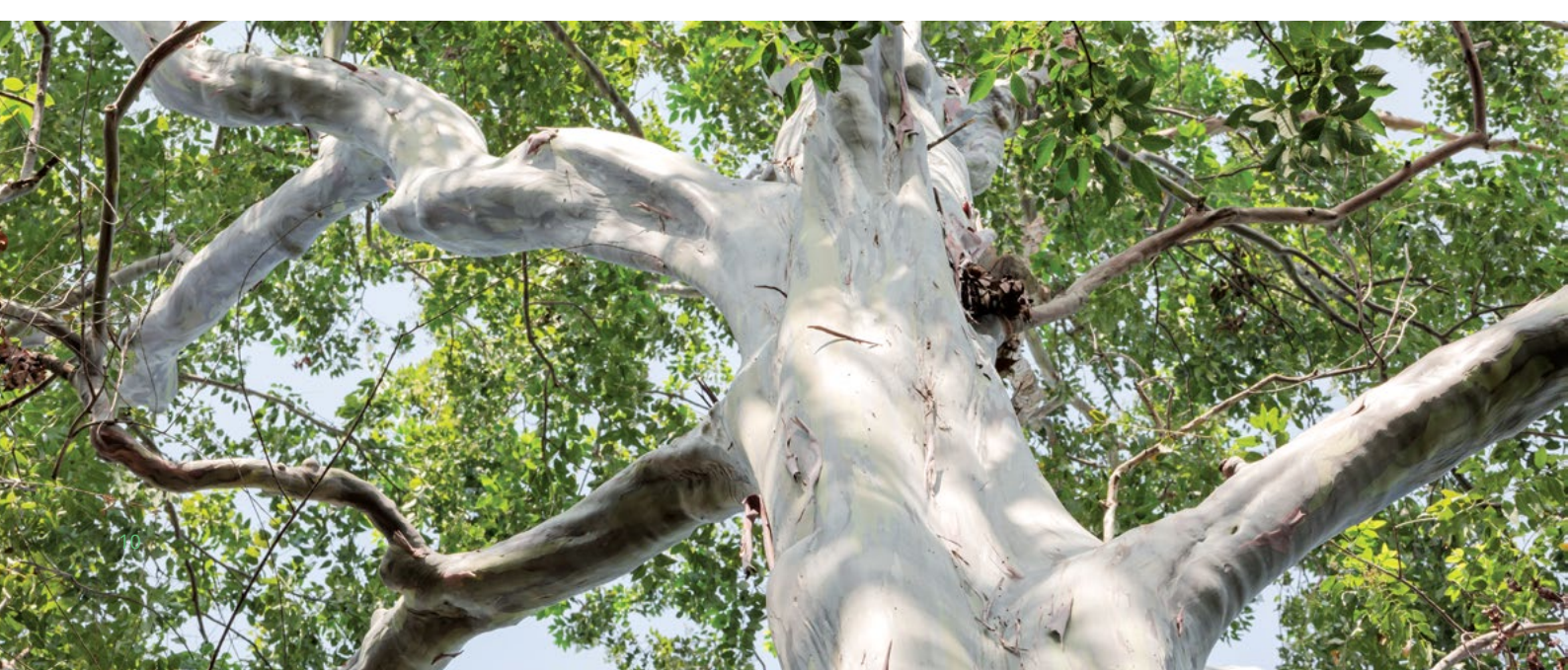
🏠 AUD 39.00 /kilo

## EUCALYPTUS STAIGERIANA OIL

*Eucalyptus staigeriana* 🌍 Australia

July to October is the crucial time for eucalyptus. This is the time when harvesting takes place and processing of the oil commences. Staigeriana is a new variant which is finding favour and demand has been escalating. However, it will take time to mitigate the widespread impact of last year's extreme dry weather. Many of the important distillers are undertaking measures to bring new plantations into the fold, but predictions for this year are rather subdued.

🏠 AUD 74.00 /kilo







### KUNZEA OIL

*Kunzea ambigua* 🌍 Australia

The kunzea harvest begins in September and continues till January. Efforts are on to augment processing capacities and develop the segment into fully-fledged production from its present status as an indigenous cottage industry. This will allow standardisation and enable distillers to offer better quality material.

🏠 AUD 500.00 /kilo

### LEMON SCENTED TEA TREE OIL

*Leptospermum petersonii* 🌍 Australia

Harvesting takes place from July to September and the extraction of this oil continues on a modest scale. Recent measures to add new plantations have been successful and the market hopes that the volumes of oil produced will go up substantially.

🏠 USD 150 /kilo

### ROSALINA OIL

*Melaleuca ericifolia* 🌍 Australia

Australia is known for two distinct varieties of rosalina oil. The Southern variety, wild harvested from Tasmania, contains a lower percentage of linalool and higher cineole content. The rosalina oil Northern variety however, is cultivated and displays an increased linalool component and lower cineole content. The overall production is limited but new plantations are being added. These are thriving and were predicted to contribute to the total oil output in 2020. Unfortunately, the dry spells of last year compounded by the aridity of the early part of 2020 affected many of the plants. The raw material is drastically reduced and procuring biomass for production continues to be a huge stumbling block.

🏠 AUD 332.00 /kilo



### LEMON MYRTLE OIL

*Backhousia citriodora* 🌍 Australia

Quite a few additional plantations for lemon myrtle oil were set up and started contributing to the yield. In the past there was some cause for concern since several samples of lemon myrtle were C14 tested and found to be adulterated with synthetic compounds. Lemon myrtle has always enjoyed a favoured status in the culinary culture of Australia.

🏠 AUD 480.00 /kilo

### SANDALWOOD LANCELOATUM OIL

*Santalum lanceolatum* 🌍 Australia

This is another Australian natural that is fast climbing the popularity charts, despite the fact that it is generally perceived as a weed. The wood is wild-harvested but procuring the wood ran into several difficulties. In order to build a reliant supply of raw material, many of the producers came together to enter into a collaborative wood-harvesting agreement. The yield from the harvest was supposed to be available in the market this year, but with the COVID-19 outbreak posing innumerable logistical challenges, things remain uncertain.

🏠 USD 1200.00 /kilo







### SANDALWOOD VANUATU OIL

*Santalum austrocaledonicum* 🌐 Australia

This oil has been faring well in the markets. In consideration of the healthy demand, sufficient investments and preparations have been undertaken to ramp up production, and offer improved and standardised grades of the oil. There are small volumes of oil available with the distillers and they are able to fulfil the current requirements.

📈 USD 2200.00 /kilo

### SANDALWOOD OIL WA

*Santalum spicatum* 🌐 Australia

Though there are apprehensions about the future, harvesting of the sandalwood has been under way since March and should continue until November, which will mark the end of the season. The market seems to be at an equilibrium with existing supplies matching the demand. Endeavours to augment oil production have been shelved for the moment.

📈 USD 1350.00 /kilo

### SANDALWOOD ALBUM OIL

*Santalum album* 🌐 Australia

Over the years Australia's production of sandalwood album oil could never match demand. One of the leading names in the sector has established a transparent and sustainable supply chain, and now, after procuring wood, is ready to distil and test a trial batch. The minimum wage system poses a challenge to manufacture the oil at a competitive price. However, this works out to be in favour of customers since a sustainable source offers a better playing field for the players and opportunity for customers to exercise their choice.

📈 USD 2800.00 /kilo





### TEA TREE OIL

*Melaleuca alternifolia* 🌍 Australia

2019 and 2020 seem to be testing the sheer tenacity of the Australian farming community with numerous problems one after another. The savage wildfires that ravaged land and life have gone down in the annals of history. The bushfires blazed for months and eventually died out but left scorched wastelands in its wake. Tea tree being a hardy plant, withstood the onslaught of the fires but was soon lashed by the torrential rains in February. Several of the tea tree farms were flooded though it was contained in many others. Following this debacle, the plants were infected by the plague of pyrgo beetle which left many of the crops damaged. Ground realities were far different from crop estimates and production forecast predicted a steep decline of 40% compared to the previous year.

Traditionally, May to November marks the harvest season. But the industry, riding on the hopes of a robust crop, commenced harvesting earlier. It was limping back to some semblance of normality when the world was pushed into disarray due to the COVID-19 outbreak. There are hardly any carryover stocks and heightened demand has put pressure on the increased supply.

🏠 AUD 60.00 /kilo

### WHITE CYPRESS OIL

*Callitris intratropica* 🌍 Australia

Australian producers are endeavouring to step up their production capacities so the all-year round harvest can be put to optimum use. However, the demand for white cypress is not what it used to be. There has been a gradual decline.

🏠 AUD 230.00 /kilo







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## ULTRA VALUES LISA PICCININNI ON HER JOURNEY IN ESSENTIAL OILS

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*Lisa Piccininni*

*General Manager, Ultra International Inc*



In a new series of interviews showcased through the Ultra Market Report, key members of the global Ultra team discuss their journey and experiences in the essential oils business along with the skills and expertise they picked up along the way. In this issue, Ultra General Manager, Lisa Piccininni recalls her beginnings in the industry, where the market is going and what she wants from Ultra in the coming years.

**Title:** General Manager, Ultra International Inc, USA

**With Ultra for:** 3.5 years

**In the industry for:** 32 years

**Favourite Ultra product:** Pink Grapefruit Oil

**Favourite part of being at Ultra:** There is something new happening every day

**Why clients should choose Ultra:** We will make sure to find a way to supply the best quality, the best price and the best service





*Eddie Bulliqi [EB]: How did you get started in the world of essential oils?*

Lisa Piccininni [LP]: I began my career in essential oils with PepsiCo and was with them for 28 years, 16 of those in proprietary ingredients for the Pepsi trademark brands. Starting in 1998 as a temporary administrator, they asked me if I wanted to full-time, working for the director of research and development who was one of the few formula-holders within the corporation. As time went on, I began specialising more in proprietary ingredients including the citrus portfolio for the Pepsi brands, 7 Up and Mountain Dew.

*EB: What do you think has changed in what companies are looking for in proprietary ingredients then vs today?*

LP: It could be argued that today purchasers don't need as much knowledge and experience as we did back then. SAP (Systems Applications and Products in Data Processing) has taken over, and it is more of an automatic process in which the system generates requirements and digitally fulfils them. Back then, it was a lot more personal – I would be on the phone with traders and manufacturers all day, investigating first-hand what was happening in the market and trying to piece together the story through all the different sources available to me to inform purchasing decisions. Should we go long? Is there a great deal we need to take advantage of right now that could help one of our clients? For me, the biggest difference in the industry today is the missing factor of personal touch which was one of the reasons I love the job. In some ways, it was much more creative in strategy as well as personal, something I still attempt to prioritise today.

*EB: Let's talk about that - how do you try to bring that personal touch?*

LP: When I left Pepsi, and joined Ultra, I knew Ravi wanted someone who respected the same values as he did. The style I brought with me was one of treating suppliers, and everyone I work with, with respect at all times, no matter how big or small the client; being fair, transparent and considerate, and giving everyone the same level of service tailored to their needs with an accountable human being on the other end of the phone, rather than an anonymous computer.





*EB: What about citrus and the difference in priorities with citrus oils when you first started in contrast to the current climate?*

LP: The trend back in my early days in the business was for more of a blended product as it guaranteed consistency and usability – you got the same profile every time without fear of good or bad batches. Today, clients are looking for natural and organic more and more, via long-standing concerns for health that are heightened to an even greater degree by the COVID-19 situation.

*EB: What are some of the challenges you face in procurement today?*

LP: The primary benefit of working with Ultra is that we're at source, we're not just traders like many in the industry. We have "skin in the game". It gives us a different perspective, knowing what the customer wants on the client-facing end and then being able to pivot and adjust, immediately, in the field, on the farming end. It breaks down traditional communication barriers and enables us to get results for our clients, fast.

That is precisely one of the main challenges today – being able to keep up with the fast pace of the global market and respond quickly, with a globally minded solution. For example, with citrus, the COVID-19 situation did present some sourcing challenges, especially at the beginning of the crisis, when certain countries were slowing down imports and exports. We were able to think on our feet and act fast to fulfil client needs by working with our global network of farms to temporarily re-adjust where we source from to maintain consistency and supply for our customers.



*EB: Your predominant experience is in a corporate atmosphere, but what is it like now working for a family company?*

LP: One of the first things I noticed when I joined Ultra was that I have direct access to the people who make the decisions, across all departments. In larger, more corporately layered environments, it can be harder to get things done quickly. Here at Ultra, management (including myself) is very open to ideas and seek to react to market trends in real time, so our action time is very short and responsive.

In addition, I have always felt that we have a very collaborative approach to sharing information which not only makes my job easier but also adds a level of trust and reassurance to the personal and social aspect of my work. If I need help from the lab or within the supply chain, I can always rely on the team to get the answers I need to satisfy customers, without any arbitrary blocking of information or hiding of corporate command. We're a diverse team here, with offices in India, the USA and UK, with a global presence but still with a start-up spirit.

*EB: And, to finish, tell me what you would like personally from the future with Ultra and for the industry?*

LP: The US challenge going forward will be managing our new portfolio of organic oils since our operating model will change from bulk sales to smaller pack sizes. Ultra is always looking for new opportunities and, personally, I'm very excited about the future of organics here in the USA. Organics have been around for a long time, but timing is everything and I think now is the right time for Ultra to get involved in this market!







**Ultra International Inc.**  
Essential Oils, Ingredients, F & F

# FRAGRANCE OF FRANCE IN YOUR BACKYARD

## LAVANDIN GROSSO

Lavandula hybrida





## ORANGE OIL CP

*Citrus sinensis* 🌐 Brazil

The Brazilian orange crop, which started in July 2020 and is expected to end in June 2021, is forecast at 382.8 million boxes (15.6 million metric tonnes - MMT), a decrease of 19% compared with the previous season. The decline is due to the alternate bearing phenomenon in the São Paulo citrus belt, i.e. a reduction in crop size after the previous large production season because nutrient reserves are less, resulting in fewer fruits per tree; and weather related issues, mainly high temperatures in September and October 2019 affecting the setting of young fruits and less rainfall in March and April 2020 resulting in smaller fruit sizes.

According to Fundecitrus, the commercial area of the state of São Paulo and the western part of Minas Gerais, which represents approximately 75% of total production area, should produce 287.8 million boxes (11.74 MMT), a significant 100 million boxes reduction from the previous season. The forecast takes into account the following varieties: Hamlin, Westin, Rubi, Valencia Americana, Valencia Argentina, Seleta, Pineapple, Pera Rio, Valencia, "Folha Murcha" Valencia, and Natal.

According to the Brazilian Geography and Statistics Institute (IBGE), production from other states is projected to go down 2 million boxes from the previous crop to 95 million boxes (3.87 MMT). Total Brazilian orange consumption is expected to go down to 120 million boxes (4.9 MMT), while total oranges for processing is expected to be reduced by 25% to 262 million boxes (10.7 MMT). The demand for orange oil remains high, especially with COVID-19 increasing demand for cleaning and home care applications, and the future production predictions have triggered price increases for orange oil, terpenes and d'limonene. Moreover, little oil carryover from the previous season and the effects of social distancing measures due to COVID-19 resulting in slower picking of fruit and additional costs of transporting pickers to and from farms, is causing the market to rise at a faster rate than initially anticipated. In addition, reduced availability of containers and shipping vessels is creating additional logistical difficulties putting further upward pressure on prices. The below average rainfall from March onwards has impacted fruit development and could create reduced crop availability and further upward price pressure.

Brazil's production of orange juice is forecast to drop 22% to 1.022 MMT. The decline is due to expected lower supply availability of fruit for processing. The São Paulo industry is expected to process 238 million boxes of oranges for orange juice production, accounting for 942,000 MT of juice. Other producing states should deliver 24 million boxes, accounting for 80,000 MT of juice. Consumption and stocks are both estimated slightly higher while exports are forecast 15% lower with the drop in production. Even with lower supplies Brazil remains the largest producer and is projected to account for over three quarters of global orange juice exports.

🏠 USD 8.00 /kilo

### USDA PRODUCTION AND PROCESSING HISTORY AND FORECAST FOR BRAZIL ORANGE

<i>USA Marketing Year</i>	<i>2017/18</i>	<i>2018/19</i>	<i>Forecast 2019/20</i>
<i>Brazil Marketing Year</i>	<i>2018/19</i>	<i>2019/20</i>	<i>Forecast 2020/21</i>
Total Production – Million boxes of 40.8 kg	391	472	383
For Processing – Million boxes of 40.8 kg	269	349	262





## LAVENDER OIL

*Lavandula angustifolia* 🇧🇬 Bulgaria

The 2020 campaign was not good and an initial unofficial estimate suggested production about a third lower than in 2019. It will be difficult to procure good quality lavender oil this year. Farmers are expecting a high price in the market this year, or else they are willing to destroy the crop, which will reduce supply in the years ahead. Some fields will probably be left unharvested, since farmers are not in a position to bear the cost of harvest and distillation. This is the result of low yields and price. The prolonged drought has drastically affected the crop yield. The production season is almost over and yields are around 40 kg/hectare of lavender field. This is half of the quantity produced last year. But new fields harvested for the first time this year will compensate for the deficient amount. Also, the quantities in stock from 2019 will help fulfil market requirements. While the COVID-19 crisis has not directly impacted the production process, it may reflect on the markets for lavender oil in the months to come as demand is reduced.

🏠 EURO 55.00 /kilo

## MELISSA OIL

*Melissa officinalis* 🇧🇬 Bulgaria

Most of the oil produced has already been purchased in the market. Contracts are also being negotiated for the next harvest. But, there is no guarantee of production, since yields are extremely low. The drought has majorly impacted the crop.

🏠 EURO 1139.00 /kilo

## ROSE OIL

*Rosa damascene* 🇧🇬 Bulgaria

The COVID-19 crisis has immensely impacted the market for rose oil. The closing down of airports and shopping malls has severely hit demand, although, due to the cool and rainy climate, the yield for high quality rose oil this year has been good. With overproduction of the oil, the price for rose blossoms has come down compared to 2019.

With producers having stock from previous years, there is enough rose oil in the market to meet demand. But, the pandemic has affected the harvest of the oil. Owing to social distancing regulations imposed by government, and low international demand, the harvest was not undertaken on most fields. Also, distilleries operated at reduced capacities.

🏠 EURO 5500.00 /kilo









## BALSAM FIR OIL ORGANIC

*Abies balsamea* 🌍 Canada

Producers have found that balsam fir oil can also be extracted from the distillation of the bark of the fir as well as from the needles. The essential oil distilled from the bark contains a higher composition of  $\alpha$ -pinene. Increasingly being recognised for its effective anti-microbial and anti-inflammatory properties, the demand for this oil has escalated in the last few months. It originates in the Quebec province of Canada. International orders are on the rise since balsam fir oil is increasingly being used in several protection and hygiene products. Stocks are currently limited but production has been stepped up to cater for increased demand.

📈 USD 85.00 /kilo

## BLACK SPRUCE OIL

*Picea mariana* 🌍 Canada

A coveted natural neuro tonic and general tonic, the popularity of black spruce oil is on a meteoric rise. Its mood-boosting, anti-infectious and anti-inflammatory properties are increasingly being recognised the world over. Naturally and in the wake of the COVID-19 pandemic, the demand for this oil has shot up significantly with USA, Europe and Asia emerging as key markets. The Canadian boreal forest abounds with this conifer, and distillers in the northern Quebec region are veering towards distillation of black spruce oil.

📈 USD 116.00 /kilo

## CEDAR LEAF OIL ORGANIC

*Thuja occidentalis* 🌍 Canada

Cedar leaf oil is largely used in perfumery but of late demand has slackened. Production is ready to ship. However, if the perfumery segment books lower volumes than earlier, prices are expected to fall.

📈 USD 102.00 /kilo

## HEMLOCK OIL

*Tsuga canadensis* 🌍 Canada

Hemlock oil has peaked dramatically to reach the highest price level in its history. Along with exorbitant prices, the market is facing limited available stocks of the oil.

📈 Price on request



With China recovering from the impact of COVID-19, the preventive restrictions on production are slowly being lifted. The first few months of 2020 saw a massive decline in crude oil production due to the pandemic. But, with the coronavirus rapidly spreading globally, demand for certain oils like lavender has reduced. Oils with anti-bacterial and anti-viral properties like eucalyptus have not shown a decrease in export quantities.

## CASSIA OIL

*Cinnamomum cassia* 🌍 China

COVID-19 did not impact the production of crude cassia oil but the duty imposed on natural cinnamic aldehyde and natural benzaldehyde by the USA government has had an effect. This has given Vietnamese cassia oil a price advantage. Thus, production has consequently moved to Vietnam.

In terms of numbers, traditionally the annual oil output ranges around 800 MT, with the spring crop amounting to 500 MT, while the autumn crop comes to 300 MT. This year due to the low price, the spring crop has only been around 200-250 MT. Recently there has been around a 10% increase in the price of crude cassia. If the price continues its upward trend, the autumn crop will witness an increase in production, or else it will decline about 50% similar to the spring crop.

🏠 USD 36.00 /kilo

## CITRONELLA OIL

*Cymbopogon winterlanus* 🌍 China

The price offered in the market currently is way lower than the start of the year. The crop has been good. The new season, which begins in October, may witness output drop from the quantities of last year. The low price being fetched in the market has made farmers reluctant to distil the oil. Competition from Indonesia has seen production drop to less than 300 MT.

🏠 USD 18.00 /kilo

## EUCALYPTUS OIL

*Eucalyptus globulus* 🌍 China

The price fetched by this product is one of the lowest in the last five years. The market is mostly stable with low global demand. The second quarter witnessed low demand, since customers overstocked the product in the first quarter, due to the large demand arising from the COVID-19.

🏠 USD 17.00 /kilo

## LITSEA CUBEBA OIL

*Litsea cubeba* 🌍 China

The common consensus is that the price for the oil will go down in the coming days. The new crop is ready, though oil is not being produced right now. Stocks are also running low at the moment.

🏠 USD 35.00 /kilo

## VALERIAN ROOT OIL

*Valeriana wallichii* 🌍 China

The current market price for this product is at par with production costs, hence leaving no scope for profit. Producers project that the future market demand could decrease as well. As a result, they are only maintaining some small quantities for old customers.

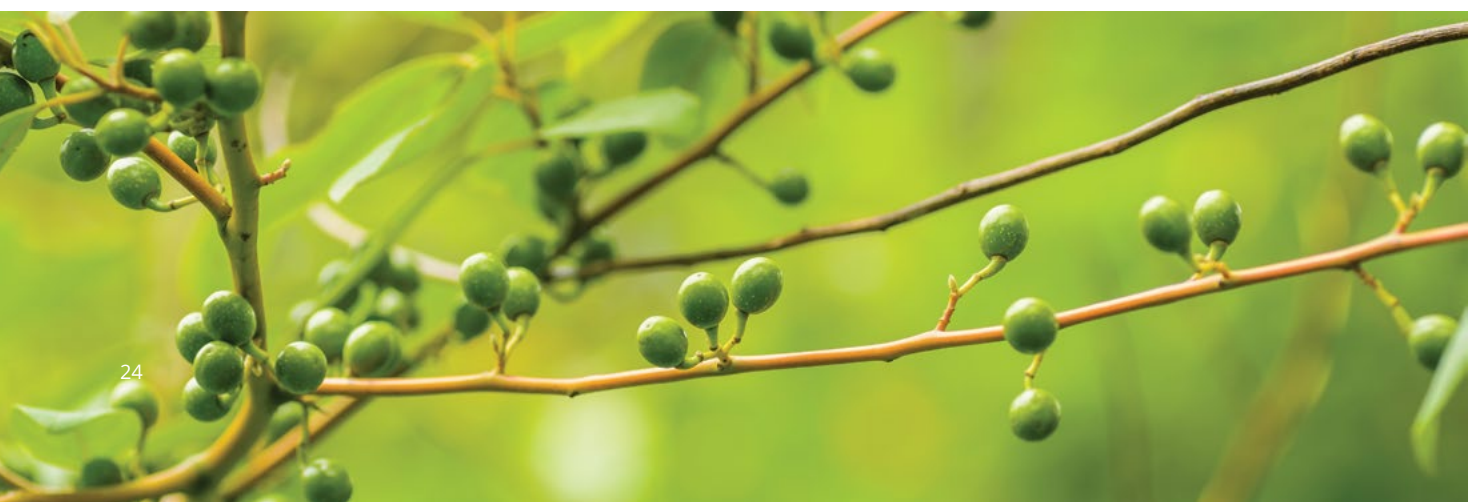
🏠 USD 630.00 /kilo

## WINTERGREEN OIL

*Gaultheria procumbens* 🌍 China

The price of the oil is on an upward trend, as the quantities produced have reduced. This is because even though the season for wintergreen oil has commenced, farmers are reluctant to distil and sell the crude oil. The rains in Yunnan province and the low price the oil is fetching in the market has prompted this less than enthusiastic response from the farmers.

🏠 USD 51.00 /kilo





## AMYRIS OIL

*Amyris balsamifera* 🌐 Dominican Republic

The political situation in the Dominican Republic and the COVID-19 pandemic have adversely affected oil production. Firstly, plants were shut down in March and wood collection permits were not issued. The defeat of the ruling party in the Presidential elections is another blow to producers. With a new government taking office, entire staff at all levels is expected to be replaced. This means producers will have to build new relationships, and convince people in authority who tend to favour workers over businesses.

🏠 USD 69.00 /kilo

## VETIVER OIL

*Vetiveria zizanioides* 🌐 Haiti

There is a shortage of the oil in the market. This has led to an increase in price. This is in contrast to conditions prevalent at the beginning of the year, when the price came down due to a shortage of demand. Due to this decline a lot of Haitian producers preferred to shut down operations rather than sell at a low price. Without obligations like banking, these producers have no qualms in letting their plants sit idle. Currently, depending on how the pandemic and economic situation pans out, the price of the oil will probably continue its upward swing.

🏠 USD 355.00 /kilo

## BASIL OIL LINALOOL

*Ocimum basilicum* 🌐 Egypt

Production seems to have gone down compared to other years. It is difficult to make any predictions at this stage. However, we will be in a better position to shed some clarity on this oil in the next month.

🏠 USD 107.00 /kilo

## BLUE CHAMOMILE OIL

*Matricaria chamomilla* 🌐 Egypt

Last season the oil fetched prices that were below production expenses. There were some carryover stocks and therefore production was on a restricted scale. The new season will commence in 2021 and the market is anticipating a surge in prices until the new crop arrives.

🏠 Price on request

## CUMIN OIL

*Cuminum cyminum L.* 🌐 Egypt

The weather has been quite favourable for cumin and this has resulted in increased production. Prices are steady.

🏠 USD 76.00 /kilo

## MARJORAM OIL

*Origanum majorana* 🌐 Egypt

Marjoram for a long time was not favoured by farmers. However, this year's prices for marjoram oil have shot up by 30%. This is significantly higher than previous years, and these prices are expected to hold till May 2021.

🏠 USD 80.00 /kilo

## NEROLI OIL

*Citrus aurantium* 🌐 Egypt

Production has touched a healthy 1.8 MT this year. The quality is far superior to that of the oil produced in the last few years. Market watchers attribute this to the stringent standards embraced by both farmers and producers, and meticulous selection of raw materials.

🏠 EURO 3450.00 /kilo

## PETITGRAIN MANDARIN OIL

*Citrus reticulata* 🌐 Egypt

Egypt has a considerably large petitgrain mandarin production and this season has witnessed a surplus. This is despite production falling compared to last year. However, this has moderated the prices for petitgrain oil and kept it at a reasonable level. The market is hoping that 2021 is a better year with higher demand, which will in turn pull up the prices.

🏠 USD 98.00 /kilo

## LAVANDIN OIL GROSSO

*Lavandula hybrida var. grosso* 🌐 France

The production area of lavandin has witnessed a significant increase all across France. This has ultimately resulted in higher levels of oil production. Adequate rain and absence of hail at the time of the harvest also contributed to a great crop this year. There was a massive decrease in the price of the oil. It is now available at its traditional price. This reduction in price resulted in most of the crop being sold even before the harvest.

🏠 EURO 35.00 /kilo





### BASIL OIL

*Ocimum sanctum* 🌍 India

Indian basil oil is in heavy demand for immunity booster products. The new crop is expected in October, and could help bring the oil price down. Currently, there is hardly any stock in the market, and this has led to a massive rise in the price.

📈 USD 27.00 /kilo

### GINGER GRASS OIL

*Zingiber officinale* 🌍 India

The market for the oil is stable at the moment. With demand mimicking the low crop availability, prices are staying steady.

📊 USD 40.00 /kilo

### LEMONGRASS OIL

*Cymbopogon citratus* 🌍 India

The market is witnessing a slight downward turn. For the past couple of months, demand for the oil has been high. The price has increased as buyers also approach multiple vendors for the product resulting in additional demand.

📈 USD 22.00 /kilo

### MENTHA ARVENSIS OIL

*Mentha Arvensis* 🌍 India

The low price of *Mentha arvensis* oil has sparked interest from farmers and stockpilers. The government's imposition of lockdown and the limited number of guests allowed at gatherings has significantly reduced the expenses of farmers. With the requirement of cash going down, farmers are happy to hold the produced oil. The same is true for stockholders as well. Investors are using this opportunity to increase their *M. arvensis* oil stock at the low price floating in the market right now. The consistent supply of synthetic menthol has also been a factor in the downward price trend of *M. arvensis* oil. It has also affected the demand for menthol. The demand for DMO (dementholised mint oil) and liquid mint products has grown, and the trend is expected to continue.

Pre-monsoon showers caused several disruptions to the distillation process but it is now 90% complete. This year the average yield is 50 kg/acre, significantly lower than last year. Estimates peg production this year to be around 55,000 MT. With 10,000 MT of stock from last year, supply should not only meet the global demand, but also carry surplus to 2021.

📈 USD 18.00 /kilo





## PEPPERMINT OIL

*Mentha piperita* 🌍 India

Cheap substitutes with cornmint (*M. arvensis*) are flooding the market. Once cornmint distillation is complete, the price of the oil could see a sharp increase due to the cash flow situation in the market. Buyers are being advised to keep their requirements covered. The crop has been extremely low this year. Oil with a high concentration of menthofuran is being sought in the market. Unfortunately, the limited quantities produced are low in menthofuran. The first cut of the crop is complete and second cut distillation is underway. The demand is tremendously high and several customers have undertaken coverage of the oil this year.

🏠 USD 40.00 /kilo



## PALMAROSA OIL

*Cymbopogon martini* 🌍 India

Compared to the last three years, the price of the oil has gone down. But, if demand picks up, the price will witness an upward trend too. Currently, the availability of the oil is limited. The carryover stock from last year is low, and the next cycle of production will commence after the monsoon in October-November. This has led to an upward trend in the market.

🏠 USD 33.00 /kilo



## SANDALWOOD OIL

*Santalum album* 🌍 India

There is a major gap between demand and supply. One of the primary reasons for this is the constant unavailability of genuine wood for distillation. Logistical issues are also affecting production. Manufacturing facilities have been hit by labour migration. Thus, expected, the price of the oil has not come down. It has severely hit the industry and prices are likely to be high for a while.

🏠 USD 2250.00 /kilo



## SPEARMINT OIL

*Mentha spicata* 🌍 India

Production is expected in the range of 200 MT this year. With the distillation process over, low production and discouraging yield have led to an increase in the price of the oil, though the low price of synthetic L-Carvone is likely to moderate the price rise.

🏠 USD 39.00 /kilo







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## IMPACT OF COVID-19

The biggest impact industry-wide is the drop in demand for items from certain sectors relating to luxury items and hospitality consumables. This has resulted in the decline in demand for certain essential oils, and aroma chemicals which find regular use in those sectors. At source, there have been several areas that have faced challenges due to the pandemic. Inter-island movement of raw materials across Indonesia has been restricted. With limited air cargo being operated, it has been a challenge to fulfil urgent requirements. The Indonesian government's need for funds to handle the pandemic locally has meant an increasing amount of harassment and hindrances on companies and manufacturers that continue to operate. Most local government department budgets have been halved, which has resulted in them resorting to collection schemes within their jurisdictions. This has had a direct impact on the operations of several companies within our industry operating in Indonesia.





## CANANGA OIL

*Cananga odorata* 🌐 Indonesia

The price of the oil has been stable in the last year. Significant change in price is not expected, but some can be attributed to the volatile nature of forex. Demand and supply in the market are currently aligned.

📈 USD 104.00 /kilo

## NUTMEG OIL

*Myristica fragrans Houtt.* 🌐 Indonesia

There is limited supply of raw material in the market, which makes it difficult to maintain the quality of the oil. Increased vigilance activities are being undertaken to ensure there is no compromise on quality of nutmeg oil. Limited oil supply and consistent demand will probably push the price upward. Till now the demand and price of the oil have been stable in the first half of 2020. The slight price fluctuations can be attributed to volatile forex. There was a 15% devaluation of IDR in February and March.

📈 USD 62.00 /kilo

## VETIVER OIL

*Vetiveria zizanioides* 🌐 Indonesia

Due to the COVID-19 pandemic the demand for fine-fragrance applications has gone down. One of the primary uses of vetiver oil is in this segment. Thus, the price of the oil is fluid in the market even as the crop is between harvest cycles.

📈 USD 198.00 /kilo

## CITRONELLA OIL

*Cymbopogon* 🌐 Indonesia

The use of citronella oil in personal care, hand sanitiser and hygiene products has led to a surge in demand in the past six months. For the next 3-5 months the supply and price of the oil is expected to be stable. The scale of production in Indonesia makes it a stable crop. In the last 18 months there has been a significant increase in production and the exports in the first half of 2020 exceeded 700 MT. With the current oil price just above the production cost, there is hardly any room for the price to go down. Plantations remain largely unaffected.

📈 USD 15.00 /kilo

## PATCHOULI OIL

*Pogostemon cablin* 🌐 Indonesia

Oil prices are firm at the moment. This is primarily because of the delayed harvest due to monsoon. Most regions of Sumatra and Sulawesi are experiencing constant rainfall. Regions of Southeast Asia received excess rain in July, resulting in flash floods and crop damage. Thus, there is no timeframe on the harvest currently, since this unexpected change in weather is difficult to predict.

Just under 1,000 MT of patchouli oil was exported in the first half of 2020. This makes it the most valuable essential oil to be exported in Indonesia. There is lack of availability in the market right now. Big F&F companies at farmer and aggregator level are buying the available product at premium prices. Thus, there is hardly any product left for the open market.

📈 USD 55.00 - 65.00 /kilo

## CLOVE OIL

*Eugenia caryophyllata* 🌐 Indonesia

With major exporters maintaining substantial stocks of clove leaf and stem oils, the market was stable for the last 3-4 months but stocks are depleting now and this could result in a price increase. However, this will be a short-term occurrence and should be resolved when the new collection season commences. This is possible only after the monsoon. Currently, constant rain has adversely affected production. Dry leaves and stems are used to produce clove oil, but due to the rain farmers and distillers are unable to procure dry raw material. Madagascar is facing a similar situation, as rains hamper production activities.

📈 USD 15.00 - 21.00 /kilo

## VANILLA

*Vanilla planifolia* 🌐 Indonesia

Indonesian vanilla production this year is predicted to be around 200 MT, possibly higher. Also the reduction in early picking of the green beans should facilitate an improvement in both yields and quality. Material is still being imported from neighbouring Papua New Guinea and blended with Indonesian vanilla for the extract market. However, the continued downward trend in prices, combined with logistical problems created by COVID-19, is likely to reduce imports from PNG, where output is at a similar level to Indonesia.

📈 Price on Request





## CITRUS OVERVIEW

This is a lull period for the Italian citrus community. The market was already on the back foot and opened this year with the blood orange crop plummeting a drastic 50%. The lemon crop nosedived by around 30 to 40%. With an already reduced crop size, the industry was dealt a crippling blow with the pandemic affecting the entire logistical network. Though citrus farming was allowed to continue under strict safety measures, availability of raw materials proved to be an immense hurdle to overcome. Harvesting proceeded at a snail's pace with reduced labour and with the heightened demand for fresh fruit, there was a dearth of raw material and little being diverted for distillation into essential oils.

Breaking a record of sorts, this year is the first time that producers have booked early orders. The scarcity of raw material has resulted in prices climbing up to an incredible high. Though demand for juice has gone up, the demand for essential oils has fallen by a small margin. The demand for Vitamin C, empty supermarket shelves, and the option of a healthy snack seems to have made the case for fresh juice much stronger

## ORANGE OIL

*Citrus sinensis* 📍 Italy

Following Spain's footsteps in the production of orange, Italy is the second largest European orange producer. Sicily and Calabria, the primary orange growing regions, account for 63% and 19% of the total orange crop respectively. This year the total crop production is expected to remain stable and this includes all the varieties of oranges - Tarocco, Moro, Sanguinello, Naveline, and Valencia. The new varieties of Ippolito and Meli cultivars are fast gaining popularity.

▲ EURO 14.00 /kilo









## A HEAVEN "SCENT" PROFESSION A JOURNEY FILLED WITH FRAGRANCE

*Gaëtan Bourdeau*

*Business Development and Purchase, Ultra International BV*

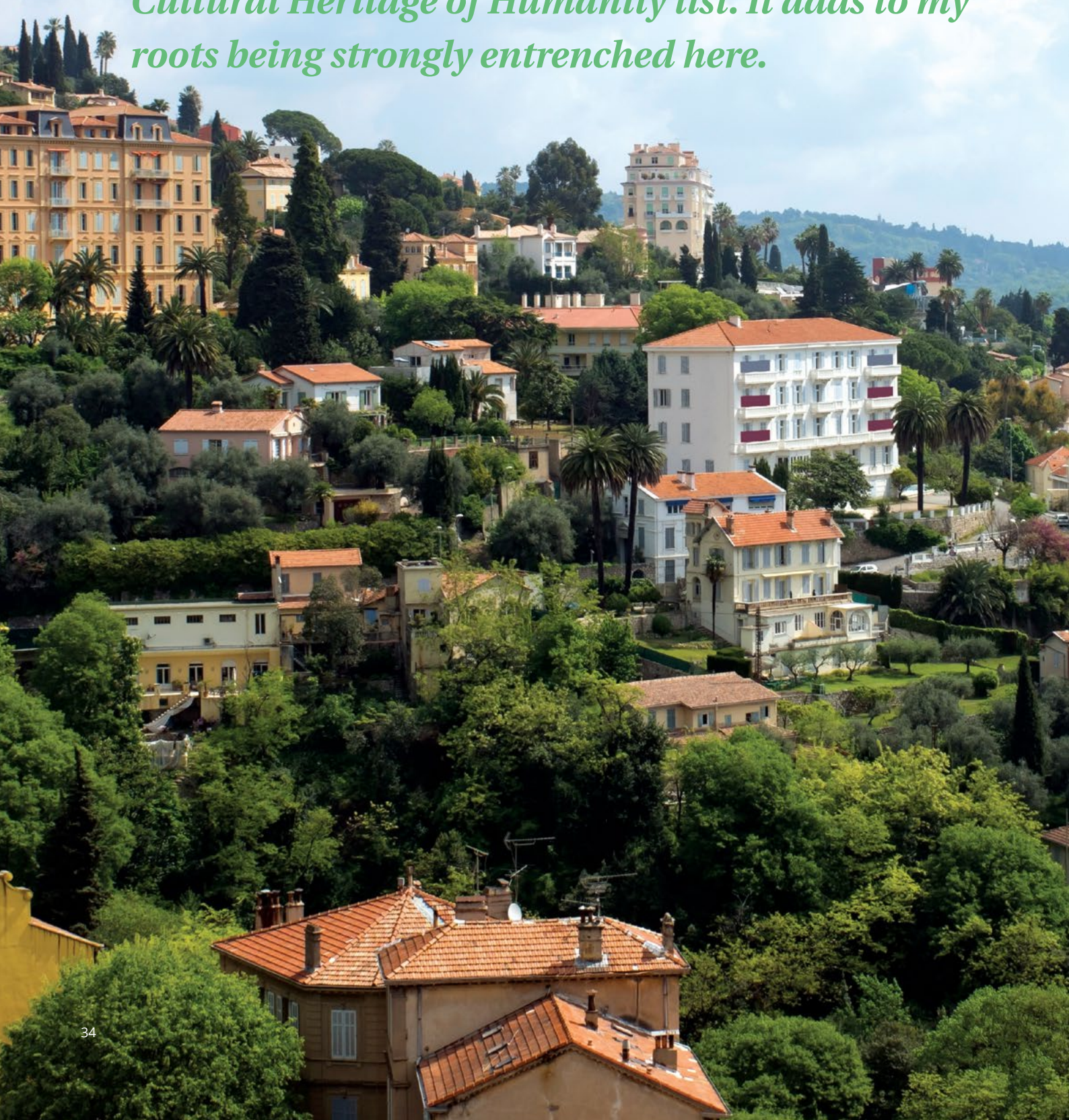


Management and fragrances - fascinating partners, aren't they? This is exactly what defines my professional life. Two years of college life studying business and trade at Lycée Bristol, Cannes; followed by a Bachelor's degree in Business and Trade at IUT, Nice. Finally, it was an adventure burying my nose into the travails of corporate strategy and international development at ISEM, Sophia-Antipolis.


Yet like the faint, wistful scent of a long-preserved letter, the remembrances of my childhood, my early internships never really lost their nostalgic aroma. Growing up, vials were my toys and fragrances my playmates. For, you see, my father worked in an F&F house while my mother was employed in a perfumery packaging company. I spent my childhood growing up in a place that is revered as the perfume capital of the world, Grasse. The allure of aromas only grew stronger; it was only a matter of time before the first intrigue transformed into heady fixation.



*“Grasse’s age-old skills of cultivating plants for perfume, processing, and the craft of perfume creation have been added to UNESCO’s Intangible Cultural Heritage of Humanity list. It adds to my roots being strongly entrenched here.”*







I interned with Azur Fragrances, Mouans Sartoux and Robertet in Grasse. Tinkering and dabbling with redolent essences and spirits, I was only 14 when I had a memorable experience to formulate fragrance and flavour blends. One summer, working as an operator, I learnt the intricacies of amalgamation that go into crafting bulk blends. Later, on an export mission with The Parfum at Malta, I found the opportunity to work with a myriad of plant raw materials and botanicals. Evidently the seeds of this aromatic affair were sowed long ago in my childhood, but truly flowered when I interned with Van Aroma in Indonesia. Here, the enchantment took on a completely new hue. My stint here was an eye-opener as I became aware of the jaw-dropping treasure trove of naturals that Mother Nature has bestowed upon this world. The magnetism of patchouli in particular, was irresistibly alluring. That's why when the opportunity to join the Ultra International Group came my way, it was a no-brainer.

With an upbringing in the close whirligig of aromas, perfumes and fragrances, naturally there was no keeping me away from them; and of course, enigmas of nature and its essences. But it is not often that a nose for fragrance is also adept as a nose for business, I consider myself fortunate in that. Take several heaped spoonfuls of judicious, pragmatic business management, measure in generous doses of the heady high of flavours and fragrances and voila! Here I am straddling the enthralling best of both worlds for the last five years.

The city of Grasse, very close to my birthplace, is also known as the birthplace of perfumery and the perfume capital of the world. It makes me ultra proud that the region of Pays de Grasse, which has a history of perfumery since the 16<sup>th</sup> century, has just been awarded UNESCO patrimony. The soil, climate, and temperature here are ideal for the harvesting of some of the delicate florals which lend their essences to perfumes. Grasse's age-old skills of cultivating plants for perfume, processing, and the craft of perfume creation have been added to UNESCO's Intangible Cultural Heritage of Humanity list. It adds to my roots being strongly entrenched here.

Now, you must be wondering how a business management graduate fits into the fragrance industry. Honestly, at Ultra, it's not difficult. In a digital world and ever-growing global family, we are moving towards inclusive diversity. There is a heightened awareness of sustainability in fast-changing environments, micro-ecosystems existing within cultures just as there are increasing imbalances and natural disasters. All of these are taking us towards stricter regulations, compliances, and yet complemented with breakthrough research and technical advancements.

My role in business development and active involvement in sourcing enables me to marry the areas of my interest. Sourcing stirs up my adrenaline. My inherent attraction for aromas, perfumes and flavours has found a perfect thrill in sourcing and unravelling the mysteries of nature's bounties. I find it enriching too, since it brings me closer to farmers in remote areas and an understanding of the dynamics of these micro-community systems. Every scent and flavour has a story. I find inspiration in culling positive vibes from nature's own energies; and of course, my training in business stands me in good stead to expand the wellness portfolio and bring these stories to the world.





*“The caramelised woody notes of the *Santalum album* is my personal weakness.*”

I have now spent a considerable time working with myriad essences and plant extracts; and every fragrance is unique and enlivening. However, the caramelised woody notes of the *Santalum album* is my personal weakness. Work had taken me places before bringing me to this vibrant, colourful land. India has been home for the last three years; and the vivacious cornucopia of sight, sound, and scents never ceases to amaze me. It is here that I became acquainted with the classic oriental scent of sandalwood, with its green top notes. I love its hauntingly cloying aroma which evokes a deeply spiritual, uplifting vibe. The Mysore sandalwood is the best variety, and the food, cosmetics, and perfumery industries love it.

The pandemic has led to a spurt in demand for essential oils but it is my firm belief that luxury essences will continue to hold their own even in a post-COVID world. Traditional bastions will continue to flourish despite additions of novel flavours from new regions. Even as new avenues open up, the South of France, synonymous with vintage wine and now premium luxury essences will continue to play a critical role in the global dynamics of flavours and fragrances.

My journey so far has been fruitful and satisfying. I have tried to walk the path with kindness, respect, and helpfulness as instilled by my father; a 40-year veteran of this industry, he always fanned my curiosity and taught me that the thirst to know more could never be quenched. It is with this positivity that I look forward to traversing many more miles; and hope the road is filled with flavour and fragrance as it has been till now.





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## VANILLA

*Vanilla planifolia* 🌍 Madagascar

Madagascar dominates world natural vanilla production. Initial projections for the 2019 crop were in the 1,100 – 1,200 MT range but others believe it is closer to 1,500 MT. Meanwhile, the 2020 crop could be as high as 2,000 MT, with both quality and vanillin content higher than 2019. The COVID-19 pandemic, combined with actions by the Madagascar government, has limited the substantial decline in vanilla prices, which have fallen by more than 50% since their peak in 2018. In early 2020 the Madagascar government set a minimum export price of USD 350/kg. The government, which has been taking a more active role in the sector, is endeavouring to control the opening and closing dates for harvesting and exporting vanilla, with the objectives of supporting both quality and prices.

Meanwhile, the industrial vanilla market which accounts for approximately 80% of the natural vanilla trade benefitted from the increase in home cooking and associated greater grocery shopping encouraged by the COVID-19 lockdowns. In sharp contrast, demand from the food service and institutional sector, which consumes mainly black/gourmet vanilla and accounts for approximately 20% of global sales, has been decimated because of the global lockdown. With the anticipated surge in vanilla exports in the last quarter of 2020 it is anticipated that there will be further downward price pressure, suggesting that buyers should only cover their short-term requirements.

📈 Price on request

## KEY LIME OIL & PERSIAN LIME OIL

*Citrus aurantifolia* & *Citrus latifolia* 🌍 Mexico

Mexico's lime crop is expected to be 9% lower than last season at 2.199 million metric tonnes (MMT) mainly because of drought conditions in the growing regions.

Key limes are mainly grown in the state of Michoacan, with about 75% of total volume, and Colima, representing about 20-25% of the total of total Key lime volume in Mexico. High season has started in June; the volume of fruit available from Michoacan state is expected to decrease during August and September, and availability to rise again starting November. In Colima state this year's availability is expected to reach its peak during the month of September.

COVID-19 has certainly impacted both the processing and the fresh fruit market, and has also impacted consumer trends. The price of industrial limes has increased substantially. This cost increase is mainly due to the high demand for fresh limes both domestically and for export, and also strong competition between processors as a result of the current high Key lime oil demand in the market. With demand for distilled and cold pressed Key lime oil very firm worldwide, prices are increasing and this trend is expected to remain, as there is a possibility that this extra demand will not be met in full due to the limited Key lime available for processing.



Persian limes are mainly grown in the state of Veracruz. The lime harvest in Veracruz has been delayed because of COVID-19 resulting in disruption in the supply chain, leading to increased prices in the local market. Similar to the Key lime market, strong demand from the fresh fruit market is making fruit prices higher for processing. Moreover, the damage from the 2019 drought will lead to the total volume of fruit processed in 2020 being less than in 2019. As a result, price for Persian lime oil is on the increase.

🏠 USD 40.00 /kilo (Distilled), USD 55.00 /kilo (Type-A), USD 65.00 /kilo (Type-B)

### USDA ESTIMATED MEXICAN LIME PRODUCTION, SUPPLY AND DISTRIBUTION 2016/17 TO 2019/20 ('000 MT)

	2016/17	2017/18	2018/19	Jan 2019/20	Jul 2019/20
Production	2,513	2,311	2,401	2,422	2,199
Fresh Domestic Consumption	1,397	1,190	1,257	1,276	1,140
Processing	388	1,348	397	395	307
Total Exports	731	729	751	755	755

### ORANGE OIL

*Citrus sinensis* 🌐 Mexico

Mexico's orange production is expected to fall 45% this year to 2.53 MMT, one of the lowest outputs since the early 1990s. A sustained drought, high temperatures and a lack of irrigation are factors attributed to the failed harvest. The ongoing drought and high temperatures have affected orange production more drastically than other citrus fruits because many orange trees are older and require more water to produce fruit. The intense temperatures and lack of rain throughout the growing season resulted in widespread fruit quality deterioration, with diminished size in most producing states. Mexico is also facing problems with citrus greening. Consumption is anticipated to drop by one-third to 1.6 million MMT and fruit for processing is estimated to drop nearly 60% with the drop in supplies to 900,000 MT.

Mexico's orange juice production is expected to drop by more than half to 90,000 MT as a result of fewer oranges expected to be available for processing. Exports are predicted to reach 104,850 MT, against 195,000 MT the year before.

Average aldehyde levels in CPOO this season struggled to even get close to 1.1% which is the lowest processors have seen in the last five years. The demand for orange oil remains high while Mexico and other markets are forecasting lower crops compared to last year, and therefore prices are projected to increase. However, Mexico has experienced more consistent rainfall since March which bodes better for the future.

🏠 USD 7.00 /kilo

### USDA ESTIMATED MEXICAN ORANGE PRODUCTION, SUPPLY AND DISTRIBUTION 2016/17 TO 2019/20 ('000 MT)

	2016/17	2017/18	2018/19	Jan 2019/20	Jul 2019/20
Production	4,630	4,737	4,639	4,417	2,530
Fresh Domestic Consumption	2,473	2,785	2,408	2,427	1,601
Processing	2,100	1,900	2,200	1,955	900
Total Exports	76	72	60	62	60



## MANUKA OIL

*Leptospermum scoparium* 🌍 New Zealand

New Zealand imposed early lockdown with the onset of the COVID pandemic. Agriculture is categorised under essential services, so the plantations were able to resume operations without too many hitches and so it is business as usual for manuka worldwide.

The plants grew well all throughout the summer and autumn months but winter was a tad difficult with sluggish production. The plantations in East Cape have thrived and year-on-year the yields have been on the rise. The producer successfully completed in-vitro testing on the MBTK 20+ manuka oil. This test has determined the efficacy of 20% triketone oil in comparison to 25% triketone oil. It has been found that 20% triketone is twelve times more effective on acne than tea tree oil. There are adequate supplies of this available at the moment.

🏠 AUD 990.00 /kilo



## CABREUVA OIL

*Myrcarpus frondosus* 🌍 Paraguay

The impact of the pandemic was felt largely in the production of cabreuva oil with operations disrupted for almost a month. However, production has resumed although at a slow pace. Stocks of cabreuva oil are limited but producers are hopeful of covering lost ground over the coming months.

🏠 USD 47.00 /kilo



## GUAIAAC WOOD OIL

*Bulnesia sarmientoi* 🌍 Paraguay

Currently there is an EU embargo on this oil. Paraguay producers have already filed for CITES certification. They are awaiting reversal on this and the 2020 export quota which is expected to be announced in August. Production has continued as usual but the CITES certificate will enable producers to ship globally except to the EU and UK. However, the market is hopeful that September will bring some positive news of the lifting of the embargo.

🏠 USD 38.00 /kilo



## PETITGRAIN OIL

*Citrus aurantium ssp.* 🌍 Paraguay

Petitgrain production has not been disrupted by the impact of the pandemic but there are challenges in shipping since air travel is affected. Petitgrain production is continuing on its usual track though at present there is a lull in activity considering it is winter. The main production season will commence from September-October and will continue through till February. Production will go up and consequently there will be a revision in prices.

🏠 USD 71.00 /kilo







### CLARY SAGE OIL

*Salvia sclarea L.* 🇷🇺 Russia

It was a standard production cycle with normal crop.

📈 USD 135.00 /kilo

### CORIANDER SEED OIL

*Coriandrum sativum L.* 🇷🇺 Russia

The crop is still being harvested. The raw material (seeds) is being sold at a high price. The implication of this price rise on the oil will only be clear by the month of September.

📈 USD 55.00 /kilo

### DILLWEED OIL

*Anethum graveolens L.* 🇷🇺 Russia

The process of oil distillation is currently underway in Eastern Europe, on first impression it seems the quantity will be lower than last year.

📈 USD 49.00 /kilo

### FIR NEEDLE OIL

*Abies sibirica Ledeb.* 🇷🇺 Russia

A multitude of reasons led to a slight rise in the price of the oil. In order to keep the workforce intact, they needed to be paid appropriately. Also, the price of technical equipment for distillation and transportation costs increased.

📈 USD 32.00 /kilo

### JUNIPER OIL

*Juniperus communis* 🇷🇺 Russia

This year the oil is priced higher than previous years. This is primarily because after the disaster of the crop last year, production has been slightly better in this cycle.

📈 USD 264.00 /kilo

### PINE OIL

*Pinus sylvestris* 🇷🇺 Russia

Demand for oil in the market will drive production volumes. Currently, availability and price are stable.

📈 USD 36.00 /kilo

### THUJA Oil

*Thuja occidentalis* 🇷🇺 Russia

There are no fluctuations in the oil price. Production volumes are determined by demand. If demand increases, production can be escalated as well.

📈 USD 48.00 /kilo









The Corona pandemic has taken its toll with large-scale disruptions in the supply chain. As a result, there is a considerable escalation in input costs in addition to sourcing spares and specialised contractors. There was significant backlog at the ports and airports; consequently, exports were delayed. Early June brought some respite since the ports have opened and consignments are on the move again.

### CITRUS OVERVIEW

South Africa's citrus belt stretches across the provinces of Limpopo, Eastern Cape, Western Cape, Mpumalanga, KwaZulu-Natal, Northern Cape and North West. In 2019 some 86,808 hectares was planted to citrus representing a 6% increase from 2018. Limpopo holds the lion's share accounting for 42% of the total area planted. Oranges have traditionally been the favoured citrus to be cultivated, accounting for almost 50% of the total area planted. However, there has been a significant increase in the cultivation of other soft citruses and limes as well. Mpumalanga, Limpopo and KwaZulu-Natal provinces have a warmer climate, which is better suited to the production of grapefruit and Valencia oranges. The Western and Eastern Cape provinces have a cooler climate, which is suited for the production of Navel oranges, lemons, limes, and tangerines/mandarins (soft citrus).

Considering the increase in planted areas, improved yields and new plantations coming into full bloom, the market sentiment is quite positive. The South African citrus sector has been quite resilient in the face of the severe difficulties created by COVID-19 and is expected to chart a reasonable growth even this year - that is, the marketing year 2019/20. In the wake of the pandemic, the world over has seen a sharp surge in the demand for citrus fruits, given their immunity-boosting properties and richness in Vitamin C. Exports of citrus have shot up but disruptions in freight logistics, port regulations and overall restrained spending continue to be a source of concern.





## BUCHU OIL

*Agathosma betulina* 🌍 South Africa

The National Environmental Management Biodiversity Act of South Africa has recently implemented stringent export parameters. The country's buchu oil exports have been affected under the Bioprospecting, Access and Benefit Sharing (BABS) Regulations. The new regulations make it mandatory for producers to hold valid Integrated Export and Bioprospecting permits, thus making it difficult for exporters.

South Africa imposed a national lockdown. Agriculture however, coming under the purview of an essential service, was permitted to continue with strict precautions. As a result, though actual buchu oil production continued unabated, there were challenges with distribution. Freight issues with limited operational airports and double the usual freight costs were some factors disrupting the buchu market. The crop this year has been encouraging with new plantations adding to the volumes. However, production continues to fall short of the demand, and taking advantage of the situation, some agents have quoted astronomical sums. It is hoped that with the gradual replenishment of raw materials prices should level off over the coming months. The winter rains are in full swing and the market is looking forward to a good crop next season.

📈 Price on request

## EUCALYPTUS RADIATA OIL

*Eucalyptus radiata* 🌍 South Africa

This winter was an unusually cold one with an unprecedented dip in temperatures. This has led to leaf damage in many plants. However, the spring and summer production is looking optimistic and is expected to cover the loss. The oil has found favour for relief of respiratory discomfort amid COVID-like symptoms. Naturally, the global demand for *E. radiata* has shot through the roof. New areas of planting with healthy plants can help close the gap between demand and supply. New supplies of organic oil are also being marketed. Prices have escalated by 5% to 8% from their previous levels.

📈 USD 55.00 /kilo



## EUCALYPTUS SMITHII OIL

*Eucalyptus smithii* 🌍 South Africa

Amidst the pandemic, eucalyptus' powerful anti-microbial properties make it a preferred ingredient in many disinfectants and oral care products. Therefore, there is a healthy demand for this oil. There are several new plantations that have come into the fold and are producing oil. The enhanced yield from the additional areas helped producers meet this sudden spike in demand. Currently, prices are stable but are anticipated to go up in early 2021.

📈 USD 19.00 /kilo

## GRAPEFRUIT OIL

*Citrus paradisi* 🌍 South Africa

Grapefruit production is forecast to go up by 4% to 387,000 MT this year compared to 371,849 MT in 2018/19. Considering normal weather conditions and sufficient rains, the yields are expected to improve. Grapefruit is harvested between March and September and Limpopo province is the leading growing region accounting for 58% of the total area planted of 8,000 hectares planted. Because of international demand, the Star Ruby variety dominates production, accounting for 84% of the area planted. The Marsh variety accounts for 12%. It was a bumper crop for grapefruit pink last season but, as expected, this year's crop is considerably less by around 40%.

Grapefruit is not very popular in the South African domestic market and a large proportion of production is exported as fresh fruit. Out of the total production, traditionally about 29% of the fruit is earmarked for processing into essential oil. This year's estimates indicate a 3% increase to 110,000 MT for the year 2019/20. Grapefruit is processed to juice and concentrate, the majority of which is exported to Europe. Following juice extraction, the left-over pulp is an important source of grapefruit oil, used mainly to flavour beverages. Grapefruit peel oil is used in scented fragrances.

### USDA ESTIMATED SOUTH AFRICA GRAPEFRUIT PRODUCTION, SUPPLY AND DISTRIBUTION 2016/17 TO 2019/20 ('000 MT)

	2016/17	2017/18	2018/19	Jan 2019/20	Jul 2019/20
Production	354	403	372	420	387
Processing	118	111	107	124	110
Total Exports	231	288	258	290	270

The KwaZulu-Natal region is inching into greater prominence as a producer of white grapefruit. An international company has partnered with local suppliers to bring 9 large-scale and 96 small-scale Zulu farmers under the banner of a cooperative. Technological equipment for a production line enabling recycling of side streams that would otherwise go to waste, has been set up. Though the facility specialises in grapefruit processing, it has the capacity to process up to 50,000 MT of citrus fruit per year. It also intends to invest in long-term partnerships with local farmers, ensuring best agricultural practices and good yields, delivering high quality products while supporting local families. White grapefruit is increasingly becoming a sought-after raw material for sweets and drinks. The establishment of the unit will improve the environmental footprint as well as help expand the existing citrus range with the addition of the unique flavours of white grapefruit.

📈 USD 28.00 /kilo (Pink) USD 43.00 (White)



## LEMON OIL

*Citrus limon (L.) Burm. F.* 🌐 South Africa

South African lemon production in 2019/20 is expected to increase to 579,000 MT, a rise of 18% compared with the previous crop. This is because of the increased output coming from the expanded area of production during the past five years. Similarly the number of lemons processed is forecast to increase by 15% to 140,000 MT in response to the increased demand for lemon products. Processed lemons are used to flavour beverages as well as a food ingredient in confectionery and dairy products. In the cleaning industry, lemon is used as a degreaser and disinfectant, due to its high concentration of citric acid which can inhibit the proliferation of some moulds and bacteria.

🏠 USD 10.00 /kilo

## USDA ESTIMATED SOUTH AFRICA LEMON PRODUCTION 2017/19 TO 2019/20 ('000 MT)

	2017/18	2018/19	Forecast 2019/20
Production	446	492	579
Imports	1	1	1
Total Supply	447	493	580
Exports	315	350	416
Domestic Consumption	19	21	24
Processing	113	122	140

## ORANGE OIL

*Citrus sinensis* 🌐 South Africa

Over the past decade the South African orange sector has seen a steady upward trend in the area planted to reach 44,500 hectares in 2019/20, half of which is in Limpopo province. Valencia variety accounts for about 64% of the total area planted and Navels 36%. Oranges are normally harvested between March and September, and crop production in 2019/20 is expected to be flat at 1.60 million MT. Exports seem to be faring better with a record-breaking 1.28 million MT with the EU and China being the primary markets. With the demand for fresh orange increasing the last year has seen a sizeable decline in the volume of oranges being processed, falling to 247,000 MT.

🏠 USD 7.00 /kilo

## USDA ESTIMATED SOUTH AFRICA ORANGE PRODUCTION 2017/19 TO 2019/20 ('000 MT)

	2016/17	2017/18	2018/19	Jan 2019/20	Jul 2019/20
Production	1,363	1,585	1,590	1,560	1,600
Processing	123	239	333	238	247
Total Exports	1,171	1,279	1,186	1,250	1,280





## TAGETTE OIL

*Tagetes erecta* 🌍 South Africa

With meticulous planning, South Africa has successfully increased the area under tagette cultivation by 50% to 60%. The new plantations are expected to contribute substantially to the crop for 2021. This year the tagette crop is of a superior quality but business is sluggish due to the prevailing COVID-19 restrictions.

🏠 USD 225.00 /kilo

## TEA TREE OIL

*Melaleuca alternifolia* 🌍 South Africa

The South African commercial community is facilitating several new, smaller farmers to cultivate tea tree. Seedling control is implemented to ensure good quality for the new oil coming into the market. This includes both organic as well as conventional grades in roughly equal quantities. Tea tree is also an effective disinfectant and antimicrobial. Its usage in COVID-19 preventive household products has ensured a strong and steady demand for both organic and conventional varieties of oil. As a result, prices this year are about 10% to 12% higher than last year and are predicted to hold their place throughout the year. There are several new plantations that have come into the fold and are producing oil. The enhanced yield from the additional areas helped producers meet this sudden spike in demand. Currently, prices are stable but are anticipated to go up in early 2021.

🏠 USD 39.00 /kilo



## CITRUS UPDATE

The Mediterranean countries of Spain and Italy are Europe's primary citrus producers, followed by Greece, Portugal and Cyprus. Spain has faced a spot of erratic weather and this has resulted in a decline in production. The total citrus production for 2019/20 is anticipated to be lower than previous years by 11% to 10.4 million metric tonnes (MMT). The domestic demand has risen exponentially in the pandemic, and this lower crop may encourage the EU to turn to imports to meet their requirements. So far exports remain flat and not directly affected by the pandemic.

## LEMON OIL

*Citrus limon L. Burm. F.* 📍 Spain

The 2019/2020 European Union lemon crop is expected to decrease by 16% to 1.4 million metric tonnes (MMT) compared to the previous year. This is mainly due to a drop in production in Spain and Italy, the two largest lemon producers in Europe, because of unfavourable weather conditions. According to the latest data from the Spanish Ministry of Agriculture, Fisheries, and Food (MAPA), Spain's 2019/2020 lemon production is forecast at 923,000 MT, a decrease of almost 20% compared to the previous year.



The reduction in Spanish lemon production has resulted in less fruit for processing. In addition, the industry has also experienced a further reduction in fruit for processing as a result of the fresh market taking advantage of Turkey's reduced lemon presence in Eastern markets. On the other hand, having experienced additional demand in the fresh market with the COVID-19 outbreak in March as consumers reverted to fresh lemons for their high Vitamin C content, the impact of COVID-19 was reversed during May by reducing fresh fruit demand from the closure of the food service sector, making more fruit available for processing. It is possible that the 2019/2020 season could conclude with approximately 250,000 MT of processed lemons.

With regards to lemon oil, after the significant price decline there is a trend shift and prices have slowly started to go up from early 2020. Spanish lemon trees were hit after the blossoming stage and therefore a reduction in yield is forecast compared to last year. This, together with constant demand, is slowly but constantly pushing prices upwards.

ALLIMPO's initial forecasts for the 2020/2021 new crop beginning in September estimate 1.25 MMT of lemons will be harvested, exceeding the projected final figure for 2019/2020 by 10%. This initial estimate will mainly depend on the availability of water during the summer and the autumn rains.

In the case of Fino lemon variety production, accounting for 70% of total production and predominantly used for processing, it is estimated at 950,000 MT, an increase of 14% over the current year. In making these forecasts ALLIMPO considered the effect of the progressive entry into production of the new plantations carried out in recent years and the situation of the size of the lemons at the present time, which is considered optimal thanks to the good availability of water.

Regarding the Verna lemon variety, representing 30% of total production, the first forecast points to a harvest of 300,000 MT in 2021, which would represent a volume very similar to that of the current 2020 campaign with a slight decrease of 2%.

🏠 EURO 16.00 /kilo

### SPAIN: LEMON PRODUCTION 2019/2020 COMPARED TO FORECAST 2020/2021 CROP (METRIC TONNES)

Variety	Total Crop 2019/20	Forecast 2020/21 Crop	% Difference 2020-20 vs 2019-20
Fino	830,000	950,000	+14%
Verna	305,000	300,000	-2%
TOTAL	1,135,000	1,250,00	+10%

## ORANGE OIL

*Citrus sinensis* 🌐 Spain

Over the last decade Spain's orange plantations have gone down by 9% but despite that it remains the foremost orange cultivator in the EU with 139,132 hectares. Valencia and Andalusia are the country's leading orange-growing regions contributing a whopping 90% of the total production. Spain's prominent orange varieties include Naveline, Navel, Navelate, Salustiane, Valencia and Sanguinello. Producers generally follow a tradition of cultivating and alternating early as well as the late blooms to prolong the availability of fruit throughout the year. Most oranges like the Navelina and Navelate are preferred fresh while the essential oil is extracted from the Valencia late varieties.

The orange orchards have been parched by soaring temperatures in summer and buffeted by heavy rains in the fall of 2019. Consequently, Spain's orange crop is expected to plunge by a significant 15.2% to an estimated 3.3 million MMT. Like many other citrus producing nations, Spain too has seen a sharp rise in domestic fruit consumption. The sudden demand and consequent shortage of supplies has led to price inflation.

Spanish exports have also moved upward. Demand propelled by increased consumer consumption has led to higher exports to Canada as well as the EU, the March 2020 figures being at a record-breaking high. In the initial phase of the pandemic - that is, the first quarter of 2019/20 - Spain notched up a 7% increase. As stated, Spain also holds the distinction of being Europe's foremost orange processor with about 20% of Spanish orange earmarked for processing.

🏠 EURO 7.00 /kilo



## CINNAMON BARK OIL

*Cinnamomum zeylanicum* 🌐 Sri Lanka

In order to ensure unhindered supply of the oil, buyers are being advised to enter into contracts with suppliers. This would provide a guarantee to all parties and negate the uncertainties in the market due to the pandemic. Distillers can stock up raw material to ensure unhindered production with surety of demand on the other side.

The peak harvest season is between April and June, but considering the limitations on movement, farmers have not been able to provide raw materials to distillers. This has affected the production of the oil.

🏠 USD 322.00 /kilo

## CINNAMON LEAF OIL

*Cinnamomum zeylanicum* 🌐 Sri Lanka

At the start of the year many buyers entered into contract agreements with producers or stocked up on the oil. Due to the low price many distillers discontinued operations, but suddenly demand has picked up and this has resulted in a major escalation in the price..

🏠 USD 29.00 /kilo

## CITRONELLA OIL

*Cymbopogon winterianus* 🌐 Sri Lanka

For a few years there has hardly been demand for citronella oil, but it has recently started picking up. With certain markets averse to buying Chinese products, the demand has shifted to Sri Lanka.

🏠 USD 29.00 /kilo

## CLOVE BUD OIL

*Eugenia caryophyllata* 🌐 Sri Lanka

Till a few weeks back distillers in Sri Lanka were struggling, but an increase in global demand for the oil has resulted in some demand coming Sri Lanka's way as well. Otherwise, this is a market where the low price of oil from Indonesia makes it very difficult to compete.

🏠 USD 87.00 /kilo

## CLOVE STEM OIL

*Eugenia caryophyllata* 🌐 Sri Lanka

Due to an increase in the global demand for the oil, buyers are eyeing Sri Lanka as a supplier. Otherwise, it is difficult to compete with the offers made by Indonesia. The price of clove stem oil is stable. The December harvest of the new crop resulted in high levels of raw materials and saved the price from fluctuating.

🏠 USD 41.00 /kilo

## NUTMEG OIL

*Myristica fragrans* 🌐 Sri Lanka

The low price of Indonesian oil has affected the demand for the Sri Lankan variety. With the harvest season commencing later in the year, currently there is no crop available for distilling. The limitations of raw materials may result in price fluctuation.

🏠 USD 55.00 /kilo

## AFRICAN SANDALWOOD OIL

*Osyris lanceolata* 🌐 Tanzania

The COVID-19 pandemic has dealt a severe blow to the luxury perfume segment where African sandalwood oil is an ingredient. On the other hand, other personal care items and industrial segments have widely accepted this oil as a good substitute for sandalwood flavouring requirements. Though production was at a standstill for about 15 to 20 days in the month of May, Tanzania has fortunately avoided the worst of the virus. Local impact on industry has been minimal. Barring the closure in May, production continues and is catering to the demand which is on an upward swing. This comes as a ray of hope for *Osyris lanceolata* since *Santalum album* and *Santalum spicatum* are commanding astronomical prices. The market anticipates good demand in coming months and a steady growth for this oil.

🏠 USD 1098.00 /kilo



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Oil production is concentrated in hilly and rural areas like Izmir and Denizli, which have been relatively unaffected by the spread of COVID-19. Due to this, production and harvest activities were not impacted and the crop is good.

### LAUREL LEAF OIL

*Laurus nobilis* 🌍 Turkey

Just as oregano oil, laurel leaf sees an increase in sales. Its usage in flavour seasonings has led to the rise in demand. The quantity of the oil exported from Turkey has declined.

🏠 USD 52.00 /kilo

### OREGANO OIL

*Origanum vulgare* 🌍 Turkey

An increase in the sale of packed food items has had an impact on the demand for oregano oils and laurel leaf. Their usage in flavour seasonings is a major reason for the 15-17% rise in the demand for these oils.

🏠 USD 75.00 /kilo

### ORANGE OIL

*Citrus sinensis* 🌍 Turkey

The heat wave in May 2019 took its toll on the orange blooms and ultimately the fruit as well. Consequently the crops are forecast to be lower than last year. Turkey's production is estimated to fall to 1.54 MMT, a drop of 11% due to the marked drop in availability of fresh fruit. In a ripple effect of this, exports are also affected.

🏠 Price on request

### TANGERINE OIL

*Citrus reticulata* 🌍 Turkey

Turkey's total crop for tangerines as well as mandarins is down. Extreme cold during the blooming period has resulted in lowering the crop size to 1.27 MMT. This is a plunge of 15% in total production. Considering restricted supplies of fruit, consumption is also on the decline. Exports, however, are anticipated to move up with Russia continuing to hold the top spot as Turkey's main export market.

🏠 Price on request







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## FROM COAL TO FRAGRANCES JOS CUNNINGHAM ACES THE CONSUMER-CENTRIC APPROACH

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*Jos Cunningham*

*General Manager, Ultra international UK*



When Ultra International BV acquired Absolute Cosmetics Essentials Limited in 2019, it was great to have Jos on board as General Manager. He has had an unusual path into the industry but is a strong believer in putting the customer's needs first.

On the surface, coal mining and the sweet lure of fragrances have very little in common, but through Jos Cunningham's eventful career graph some commonalities have been found. Starting as a Production Geologist for Anglo American in 2008, he found his way to the perfumery industry. From Jos' point of view, it wasn't a challenging transition, he sees a lot of similarities between the two industries, *"It might sound surprising, but there are quite a few similarities between rocks and essential oils. Both can be identified based on their source material and chemical makeup. Both undergo relatively high temperatures during creation. Sensory characteristics are used to distinguish both, and it is a well-known fact that the only way to distinguish a claystone from a siltstone is to take a bite of each"*.



**“It is my belief that the foundations of the current widespread use of aromatherapy were formed in the late 70s, with the publication of Robert Tisserand’s book, ‘The Art of Aromatherapy’.**

Jos’ years working with coal helped him appreciate the importance of the sense of smell and the role fragrance plays in all our lives *“The thing about being underground is one’s sense of smell is heightened. It is mostly very dark and very smelly too! I once shared a very dark and cramped underground train carriage with six others. One of them was wearing a very delicate perfume, which cut through the diesel fumes every now and then. A very surprising experience”.*

The adventures of Jos Cunningham have now brought him to Ultra UK, and he is excited about the opportunities it presents. Jos believes a simple strategy focused on building a legacy on the pillars of sustainability and customer satisfaction is best. Consumers constantly make value decisions based on product features and the wider environment they find themselves in. *“While it is very difficult to control or predict the environment, operating in a sustainable and consumer-centric way will go a long way to guaranteeing success”.*

With the aromatherapy market growing rapidly, he has some theories about its origin, *“It is my belief that the foundations of the current widespread use of aromatherapy were formed in the late 70s, with the publication of Robert Tisserand’s book, ‘The Art of Aromatherapy’.* There are and have been many other contributors to this movement, giving rise to its ubiquitous use by the general public”. Even after all these decades Tisserand continues to be at the forefront on the subject. As Jos pointed out, his role in promoting the safe usage of essential oils has thrown a new light on the aromatherapy industry.

Over the years, the role of aromatherapy has been redefined too. Today, it is widely considered as an alternative medicine practice. This has been another major contributor to the spurt in demand of essential oils. Jos does not recommend using essential oils for medicinal purpose, *“but there has been a lot of good research on this subject and the annual Botanica conference is a great platform for sharing this research”.*

Being cautious, and assuring the safety of the products has been one of the biggest trademarks of The Ultra Group. Jos Cunningham’s approach ensures that every product coming out of Ultra International UK meets the highest quality standards. Personally, overseeing the entire process, fragrances are bound to catch one’s imagination, and it is a magical aroma from South Africa that has caught Jos’ nose, *“Currently, my favourite is buchu essential oil. It is from South Africa. And during my misguided youth, a friend promised the leaves had “magical” properties. They didn’t. But its unique and versatile odour has stayed with me”.*











Apart from aromatherapy, essential oils are used widely in food, beverages, sanitisers and even insect repellents. In fact, Europe is one of the largest consumers of essential oils. But the current market scenario poses multiple challenges to the industry. The change in the European market due to Brexit, and the severe economic burden of the coronavirus pandemic will require innovative approaches by leaders to stabilise the situation. According to Cunningham, it is the basic principle of making the consumer the focus of strategies that will be the most effective, *“Over the last few years the market price for crystal balls has plummeted. As mentioned previously, I believe a sustainable consumer-centric approach will almost certainly guarantee success in any market”*.

Keeping the focus on consumers, Ultra International UK is holding virtual meetings to understand customer requirements and making every attempt to fulfil them. On the logistical front, to ensure the delivery cycle is not affected, multiple locations are being used to store products. Understanding the demand patterns, new products are being launched by the Group as well. In fact, customisation of specs as per customer requirement has also been undertaken.

Moving to the sourcing side, escalating raw material prices is another challenge facing the industry. With a positive approach, Jos believes that working together we can resolve this problem as well, *“I believe we need to behave in a sustainable and responsible way. Our industry doesn't exist in isolation, and if we can work with other sectors, we can overcome these peaks and troughs in raw material availability”*.

With a drive to excel and conquer challenges, Jos Cunningham is leading Ultra International UK towards greater success. His experience in multiple industries has made him an excellent problem solver, and the team is fully prepped to answer any market demands.





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## CEDARWOOD OIL TEXAS

*Juniperus mexicana* 🌍 USA

The onset of the Corona pandemic has resulted in a sudden spike in the demand for disinfectants and an increased usage of the oil in insect repellent and pesticides for organic farming. The distillation and production of this oil falls under the essential service category and so plants were operating at full capacity. Prices are expected to increase.

📈 USD 29.00 /kilo







## GRAPEFRUIT OIL

*Citrus paradisi* 🌐 USA

According to the final USDA forecast, USA grapefruit production ended at 13.05 million boxes, which represents a more than 10% decrease from last year's crop which was at 14.71 million boxes, mainly due to unfavourable weather conditions. With Florida's total production slightly higher than the last crop, totalling 4.85 million boxes (4.06 million boxes of red/pink grapefruit and 790,000 boxes of white grapefruit varieties), both California and Texas production has decreased to 3.80 and 4.40 million boxes respectively. The reduction in California production is mainly due to general crop cycles.

Regarding grapefruit oil, the excess supply in the market of red/pink grapefruit oil is decreasing and there are indications that the price is starting to stabilise. Meanwhile, the white grapefruit oil price is stable though volume continues to be limited and this trend may continue in the future.

📈 USD 29.00 /kilo (Pink) USD 42.00 /kilo (White)

### USA ESTIMATED GRAPEFRUIT PRODUCTION 2017/18 TO 2019/20 ('000 BOXES)

<i>Crop &amp; State</i>	<i>Production 2017/18</i>	<i>Production 2018/19</i>	<i>Forecast Production 2019/20</i>
Florida - All	3,880	4,510	4,850
Red	3,180	3,740	4,060
White	700	770	790
California	3,800	4,100	3,800
Texas	4,800	6,100	4,400
USA Total	12,480	14,710	13,050

## LEMON OIL CALIFORNIA

*Citrus limon (L.) Burm. F.* 🌐 USA

The 2019/2020 total production of lemons in the USA is forecast at 22.9 million boxes, lower than the last crop despite higher production in Arizona. Californian lemon production is forecast at 21 million boxes down from last season's 23.7 million boxes.

The demand for fresh lemons has decreased because of COVID-19 due to the shutdown of schools, restaurants, cruise lines and other commercial food-service operations. This has generated changes in the amounts of fruit intended for fresh consumption and fruit for processing. Where previously 85-90% of the lemons were going to the fresh fruit market, this disruption in the food-service might generate the split likely to be 70% fresh fruit and 30% fruit for processing.

📈 USD 29.00 /kilo



## ORANGE OIL

*Citrus sinensis* 🌐 USA

The USA total orange production 2019/2020 is estimated down 5% compared to last season to 119.999 million boxes. The USDA final forecast for Florida's orange crop is 67.650 million boxes, which is lower than last season's crop. This total is comprised of 29.65 million boxes of non-Valencia oranges (early, midseason and Navel varieties), and 38.0 million boxes of Valencia oranges. Meanwhile, the forecast for California all oranges is 51.0 million boxes, almost unchanged from last season, with 42.0 million boxes of non-Valencia oranges and 9.0 million boxes of Valencia oranges. Finally, the forecast for Texas all oranges is 1.34 million boxes, almost half compared to last season, with 1.15 million boxes for non-Valencia oranges and 190,000 boxes for Valencia oranges.

In Florida, the reduction may have been the result of heavier than usual fruit drop due to COVID-19, with processors limiting intake of Valencia oranges, and weather conditions that might have favoured citrus greening. Meanwhile in Texas, Hurricane Hanna in July caused significant damage to the citrus industry, with estimates suggesting a 30% crop loss. However, there has been some positive news coming from scientists at the University of California, Riverside who claim to have discovered a naturally occurring antimicrobial peptide capable of controlling citrus greening.

USA orange consumption and exports are both up, while fruit for processing is expected to be lower with the decline in production. USA orange juice production is estimated down 10% to 297,000 metric tonnes with the drop in oranges available for processing. Slightly higher exports and lower imports are anticipated to bring down stocks.

📈 USD 7.00 /kilo

### USA ESTIMATED ORANGE PRODUCTION 2017/2018 TO 2019/2020 ('000 BOXES)

<i>Crop and State</i>	<i>2017/18</i>	<i>2018/19</i>	<i>Forecast 2019/20</i>
<b>Non-Valencia Oranges</b>			
Florida	18,950	30,400	29,650
California	35,900	42,000	42,000
Texas	1,530	2,210	1,150
Total	56,380	74,610	72,800
<b>Valencia Oranges</b>			
Florida	26,100	41,450	38,000
California	8,300	9,400	9,000
Texas	350	290	190
Total	34,750	51,140	47,190
<b>All Oranges</b>			
Florida	45,050	71,850	67,650
California	44,200	51,400	51,000
Texas	1,880	2,500	1,340
Total	91,130	125,750	119,990



## PEPPERMINT OIL

*Mentha piperita* 🌐 USA

The global demand for peppermint oil escalated at the beginning of the lockdown in the month of March. However, it has gradually eased out and demand has now regularised. The effects of the pandemic are yet to be ascertained, but it is evident that demand will be impacted in the long term. Though there were COVID-19 restrictions in place, farms were operational; harvesting and distillation continued as usual. All in all, the crop is healthy and yielded sufficient volumes of oil. However, there is less oil on offer with many producers keeping a tight rein on their stocks in hopes of better prices.

📈 USD 52.00 /kilo

## TANGERINE AND TANGELO OIL

*Citrus reticulata & Citrus reticulata x C. paradisi* 🌐 USA

Tangerine production in the USA is forecast to go down by 20% to fall to 22.0 million boxes. The reason behind this not-so-encouraging crop is the unfavourable weather that had an adverse effect on production. California dominates production and its forecast production in July was 21 million boxes compared with 26.5 million boxes in 2018-19. Meanwhile, Florida tangerine and tangelo forecast production has remained constant at 1.02 million boxes.

📈 USD 26.00 /kilo





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## LEADING THE DEVELOPMENT OF EUCALYPTUS OILS

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**Miguel Doval**

*Executive Vice President-Europe, Ultra international BV*



A highly motivated and experienced individual, Miguel Doval came to work for the Ultra Group after spending 12 years at Procter & Gamble, and seven years with Firmenich, Singapore. The switch was a natural progression for him, *“I wanted to move away from my comfort zone and be closer to the soil, seed, and farmers. Thus, the move to Ultra seemed the perfect fit. It was challenging and exciting to leave purchases, being a leader of a global team, and move into sales”*.

It is this desire to challenge and upscale that helped Miguel add a revolutionary product to the Ultra portfolio, *“When I joined the Ultra Group, I realised that eucalyptus was a key product, and unfortunately missing from the collection”*. With its numerous applications in personal care and pharmaceutical products, eucalyptus has found a huge following. Miguel witnessed the rise of eucalyptus and was convinced of its massive appeal, *“Eucalyptus oil is widely used in the fields of flavour, fragrance, pharmaceutical, personal care, and aromatherapy. Indonesia has been its largest consumer in the last 10 years”*.











Miguel was quick to plug this gap, as he found an understanding ally in the Group's Managing Director, *"I had a discussion with Mr Ravi Sanganeria, and soon after put a plan in place to make eucalyptus a new core business. Making good of my previous experience in China, we forged new partnerships and within two years have become a key player in the industry. We are selling to important players in the market and have recorded double digit growth on the product"*. A major part of Miguel's job is to build such alliances, and they come with their trials, *"Typically when we want to bring a new partner to the Group, we implement a period of trust. During this time, we monitor them not only when everything goes right, but also when times are challenging"*. Identifying new partners and markets requires a multi-pronged approach, where reliability is of course the first step. This is followed by gauging quality standards, and then testing the raw material supply chain down to the farmers level.

Having successfully identified a new product and secured its supply chain, the next big task is to answer the ever-increasing demand. A multi-faceted product like eucalyptus is bound to witness a constant surge in demand. This presents unique challenges in terms of production, farming and the supply chain. Miguel explains the major difficulties faced on the ground, *"Firstly, the farming area of eucalyptus is decreasing. The government in some areas is encouraging farmers to switch to crops like walnut trees, pseudo-ginseng (a kind of Chinese herb) and Acacia dealbata Link"*.

Government started restricting eucalyptus tree plantations. In 2010, the NGO Greenpeace published the article where eucalyptus trees were described as "water pump". "poisonous trees" and "ecology killers". It was found that emissions from the burning of the waste of eucalyptus leaves are a problem. But without further investigation, the media and some local governments speak negatively of the planting of eucalyptus trees. There are also plantations along the roads that have to be cut in some regions.

*'But, despite this, there is enough crop available in the market to meet the oil demand,'* he continues. *'In fact, in 2018 the high price of eucalyptus saw a massive surge in production and supply. This sudden increase in demand can be attributed to the growing usage of the oil. Eucalyptus was traditionally used for the purpose of flavour and fragrance. In recent years, it has been aggressively used in aromatherapy applications"*.

The growing demand and increase in usage pose two immediate questions. Firstly, what happens in the light of the Coronavirus pandemic? Will the product continue to witness an upward curve? And, if it does, is the market in a position to handle these demands.

Miguel is optimistic about the future of eucalyptus, *"I believe in the next 10 years the demands in rectified oil will continue to grow. We have seen the demand grow from 10,000 tons in 2010 to approximately 15,000 tons today. This figure is expected to touch 17,000 tons by 2025. Eucalyptus oil is used in disinfectants. And, in light of the pandemic, we have already seen increased demands from Australian and American markets"*.

**“A multi-faceted product like eucalyptus is bound to witness a constant surge in demand. This presents unique challenges in terms of production, farming and the supply chain.**





The next and more important question for eucalyptus concerns sustainable farming. With increasing demands, responsible production practices become imperative. The Ultra Group firmly supports sustainable practices, and Miguel is positive that eucalyptus can not only sustain the increasing demands, but thrive as a product, *"Yunnan has a rich forest reserve of eucalyptus. And China boasts of the largest producing area for eucalyptus oil in the world. They account for almost 75% of the total production. Let us see some figures to understand this better. In the last 5 years the annual crude oil production has reached 15,000 tons. Among 129 counties in Yunnan, excluding around 10 which are either too cold or hot, more than 100 counties have plantations of eucalyptus trees. More than two million farmers are involved in the plantation and distillation activities of crude oil. And there are roughly 50,000 distilleries all over the province"*. These numbers clearly show the vast scale of oil production. But, the next step is ensuring sustainable practices to protect the environment. Miguel assures that the farmers are toeing the line when it comes to environment-friendly production practices, *"Various farmers have realised that the emissions coming from the burning of eucalyptus leaves waste that can create headaches. They have thus introduced practices to take care of the waste. They crush the waste of eucalyptus leaves, turn them into pellets, and use it as fuel for the boiler"*.

But Miguel does concede it is a tricky road to navigate, since countries interpret environmental laws in varied fashion, *"In order to comply with current environmental protection requirements, numerous governments may restrict or even forbid the planting of the trees. But as eucalyptus oil has been an important part of farmers' income, many areas maintain the plantation and distillation. At the end of the day, if production decreases in one area, it is compensated by an increase in another. By various estimates crude oil volume is only bound to increase"*.

Eucalyptus is one of the many successful stories of Miguel Doval, and as he continues to seek newer challenges, it is bound to find company soon.







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