

Natural Beauty: Cosmetic Products Create Agri-Business

By Jill Lee

The first perfumes and cosmetics were not from any factory. Ancient stone mortars pounded berries, flowers and shrubs into pastes for protecting the skin or coloring it. The daily grind also provided potions to help people and their property smell a little better or keep pests at bay.

The world is more sophisticated these days but plants still provide many softeners and scents. Some of them are native to North America—and a few are highly successful U.S. exports.

When it comes to fragrances, the United States is not a strong exporter; “flavor oils” are the U.S. claim to fame. But the export market for certain fragrance oils is growing. Moreover, because these products are so concentrated, a small increase in volume can mean big gains in profits.

Jojoba: U.S. Exporters' Golden Crown

Jojoba is a native plant that grows in the Arizona desert and Mexico. About 90 percent of the jojoba grown in the United States is exported, mainly to cosmetic companies in France, Switzerland and Japan.

The humble brown bean produces an oil that, when refined to creamy whiteness, is a superior beauty product, according to cosmeticians. Jojoba's moisturizing ingredients are similar to those found in human skin.

Between 1999 and 2000 total U.S. exports of jojoba doubled from \$5 to \$10 million. Depending on world demand and product quality, an ounce of jojoba can cost anywhere from \$5 to \$25.



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At present, there are only about 40 jojoba growers in the United States. Their main competition is Israel, Mexico and Argentina.

A Scent of a Growing Industry

While the United States is a net importer of scented oils, this industry also has a few shining export stars. Jasmine and lavender oil exports increased between 1998 and 1999, mostly sold to Britain and Canada.

Canada bought nearly \$230,000 worth of U.S. jasmine oil in 1999, 37 times more than it purchased the year before. The United Kingdom purchased almost \$20,000 worth, more than double the previous year.

For U.S. lavender oil, Canada doubled its imports from the United States, from over 15,000 kilograms in 1998 to over 31,000 in 1999. The total dollar value increased by \$232,429.

Among other essential oils for fragrance, such as bergamot, vetiver and geranium, the value was generally down. There were, however, a few bright spots. The United Kingdom purchased more geranium oil from the United States—up by more than 11,000 kilograms and \$71,000 between 1998 and 1999.

Market Forces for Essential Oils

Concentration is the name of the game in this industry. For example, Colombia purchased 200 kilograms of lavender oil worth almost \$4,000 in 1998. U.S. lavender oil exporters earned more than \$6,000 a year later. Even so, the total volume sold was only one kilogram. In this industry, purity and refinement pay big dividends.

In fact, this is one of the tricky factors that make it tough to measure export growth in essential oils. When sales go up it doesn't necessarily mean that consumers are wearing more perfume or—in the case of flavored oils—buying more mint toothpaste. Increased sales can be a reflection of purity, a competitor's crop loss or a change in price.

Another interesting aspect of this market is the role that developing nations play. Purchases are small, but growing. The Oceanic nations, which include the Pacific Islands, imported almost \$10 million in U.S. essential oils in 1996. They imported \$15 million worth in 1999. Similar steady growth has been seen in the Middle East, North Africa, and South Asian nations such as India, Pakistan and Bangladesh.

Meanwhile, the strong, established markets have shown growth as well. The exception is in Asia. Sales to such markets as Japan and Taiwan dipped to \$101 million in 1999, from \$237 million in imports in 1996, reflecting the Asian economic crisis.



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The Healing Touch of Aloe Vera

It's no secret that aloe vera, grown in southern Texas, can protect skin and soothe certain burns. The plant is also used as a nutritional supplement.

The export market for aloe vera is estimated to be somewhere in the hundreds of millions—and is expected to approach the billion-dollar mark soon. Pinning a number down can be hard because of aloe vera's many uses. The plant's juice can be drunk as a dietary supplement or its extract can be used as a medical supply. Some products containing aloe vera are listed in separate, non-agricultural categories. That means sales figures are currently estimates at best.

Only a few U.S. aloe vera producers export directly overseas; most sell to wholesalers. There are, however, exceptions.

You could find the product throughout the world as ingredients in everything from sunscreen to products that help heal skin burns after radiation therapy. ■

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One small but soothing advantage for the United States in the global marketplace: our arid Southwest is one of the few regions where aloe vera grows. It only takes one good frost to kill the crop, so southern Texas is prime aloe territory. Competition in aloe comes from other tiny foreign regions with zero frost factor. That effectively limits competition to small sections of China, Mexico, Australia and some Latin American nations.

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