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**China Spearmint Oil Market Report**  
**September, 2015**

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**Prepared for:**

**Far West Spearmint Oil Administrative Committee**

**September, 2015**

*Prepared by Zhang Zhe Consulting Services.*

## **China Mint Oil Market Report 2015**

### **Overview**

This summer, in key production areas of Henan and Shandong in central China, harvesting and cutting took place from July 15<sup>th</sup> to the end of the month. While Xinjiang in far west started cutting in mid August and finished in mid September, two weeks earlier than last summer due to a better weather condition this year. As we mentioned in 2014 report, key productions including Xinjiang suffered from a serious drought last year which caused a late harvesting.

Overall production in 2015 is similar to that of 2014, if not less, again approximately 100 tons. Price of oil goes higher from 260yuan/kilo last year to 270yuan/kilo now, still not high enough to thrill growers.

Inventory level is close to zero since there is not much oil to keep indeed. According to oil dealers, crude oil sells like hotcakes and they are being chased by flavors and fragrances companies these days. Oil price may go a bit higher by the end of the year.

### **I. An in-depth analysis over the current market**

#### **A. Slight change in oil price can hardly increase Chinese growers' Enthusiasm and confidence. No way to compete with their Indian counterparts.**

In fact there is little hope that growers will be willing to grow more spearmint in the years ahead. Indian oil took away the market and this is well noted by people from the mint world. Chinese farmers are also aware of that.

In addition, as we mentioned in our report 2014, natural oil is no longer playing a key role in the flavors and fragrances market, replaced by synthetic oil as well as oil imported from India. The odor of Indian oil is not favorable compared to Chinese oil but much cheaper in price. It's been noted that on a long run, situation will

hardly be getting better.

## B. Production in 2015

Table I. below indicates that total production 偶发 2015 is similar to that of 2014, with Xinjiang still ranking No. 1 in production, Shandong No. 2, and followed by Henan which dropped to No. 3 since last year. According to industry sources, production in Henan will continually decline in the years ahead.

**Table I. Estimated Mint Oil Production in China**

**Sept. 2015**

**Unit: Metric Ton**

<b>National (total)</b>	<b>Approximately 100</b>
<b>Xinjiang</b>	<b>Close to 50</b>
<b>Shandong</b>	<b>Over 20</b>
<b>Henan</b>	<b>Less than 20</b>
<b>Shaanxi</b>	<b>5</b>
	<b>(O’Laughlin)</b>
<b>Anhui</b>	<b>1-2</b>
<b>Hubei</b>	<b>3</b>
<b>Jilin</b>	<b>3-5</b>
<b>Other places</b>	<b>Less than 2 tons</b>

**Table II. Mint Oil Prices**

**(2013-2015)**

**Unit: Kilo**

<b>Spearmint oil price</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>55°-58° crude oil</b>	<b>RMB260/kilo</b>	<b>RMB260/kilo</b>	<b>RMB270/kilo</b>

**II. Although Xinjiang is still No. 1 in terms of production, there is little hope to see increase in production next year.**

The latest news we learned about Xinjiang is, one of its major growing areas, Bole is already out of the game, a place which used to contribute 40-50 tons of oil per year. .

In the summer of 2007, our mission visited the place and met the leaders of No.84 Groups, this organization signed contracts with growers and collected crude oil and distilled the oil in the group's processing facility, which involved big investment, several million yuan. The facility initiated operation in 2008. However crisis came not long after the whole project initiated.

According to our industry sources, the NO.84 Group purchased the oil from local farmers at a fairly low price, 180-190yuan/kilo, claiming that farmers should cover the distilling cost. As a result growers were very upset and refuse to cover the high cost of distilling oil. They protested and decided to give up growing spearmint, Last year anti-corruption campaign launched, growers complained to the superior department and as a result the No. 84 Group decided to stop signing contracts with local growers. All the mint crops grown in Bole were cut off.

**III. Peppermint and arvensis**

Current price for peppermint oil remains stable approximately 470yuan/kilo, For arvensis, price goes down, to approximately 120yuan/kilo. According to our industry sources, no one wants to grow and no oil dealer wants to touch this business. They are more interested in doing Indian trade.

As we mentioned before that the flavor of peppermint is getting more popular now in food and beverage industry as well as for products like toothpaste, but local arvensis can hardly compete with Indian products which is better in quality and a lot cheaper in price.

END OF REPORT