

THE NEW PARADIGM – FRAGRANCE & FLAVOUR INDUSTRY

Sant K. Sanganeria
Ultra International Limited, New Delhi

Those were the good old days when the manufacturers – be it a consumer goods manufacturer - be it a cosmetic manufacturer or a fragrance manufacturer – decided what the customer needed. This was a perfect prescription for disaster, but Indian companies continued to thrive because the customer had no options. When the rest of the world was adapting to change, we in India were merely talking about change without following it up with desired action. Things started to change from the mid-eighties and many companies got their wake-up call – some even felt that the options were to either change or die. For corporate India, there's been no decade like the 90's. Companies big and small have had to reinvent themselves, not just in terms of how they do business but what business they do.

The fundamental need to progress is a Change in Mindsets. This is something that cannot be achieved without communication. We are amused when we hear on seminars about *IFRA, IOFI, EFFA, Colipa, Boicides and various other legislations/regulations. Such a plethora of programs has left the Indian industry confused.

So where do we start? My advice – Start on anything but most important thing is to give the all-important 'Go Ahead' for change.

The Good Times are over and they are not coming back. Never again our Industry will be able to flourish in as much privacy – if not secrecy – as it has until now. Never again will government regulators pay so little attention to this industry, and never again will our customers and our customer's customers take us for granted.

How will the Indian Perfume Industry cope with this new environment of globalisation and what will be the success mantra? Unfortunately, I have no crystal ball to gaze into and, therefore, it is difficult to answer this with any accuracy. But there are some simple rules that we should live by.

For example, efficiency in whatever we do is critical to successful management. An eagle's-eye on costs, the ability to stay in close touch with customers and change faster than what the customer expects from you, are some other needs of the hour. Equally important are the ethics and values. In this age of instant information, we should be able to promptly answer to the queries of the customers and to do that we must be updated on the global scenario. We cannot step aside anymore and say, why do we have to follow European or American Standards?

The fragrance industry will undoubtedly face the labeling of 26 ingredients. And there are many other pending regulatory and legislative actions we need to be aware of as well. For instance: The Chemicals White Paper and the new Chemical Regulatory Program that's forthcoming in Europe.

There is also a new policy from RIFM and IFRA that addresses how to examine the safety of essential oils. Specifically, it calls for the review of the constituents of essential oils for toxic and systemic effects, in addition to deciding on a case-by-case basis whether or not to review the constituents of essential oils for effects on the skin.

There is also a new paradigm at FEMA for evaluating the safety of naturals, which also looks at the constituents of the naturally occurring substances.

All industry professionals should also be aware of the new bio-terrorism regulations from the US

government. These regulations will require every single company that ships products for the food industry into the United States to register with the Government before the end of 2003.

On a more immediate note, everyone in the flavour and fragrance industry should all know that the US Drug Enforcement Agency is now saying that benzaldehyde, when present as a constituent of natural bitter almond oil, must be regulated and reported as a controlled substance.

So, to say the least, there is a lot going on. And though we have been successful in limiting or forestalling many of these initiatives and many others, which many of us may not have heard about because they never got anywhere. There is a pervasive sense throughout the industry that change is inevitable – and not for the better.

Just as perfumers like to make perfume, and flavourist like to make flavours, regulators like to make regulations. Regulators believe that government regulation of industry is an appropriate thing. Regulators are like school crossing guards – they believe they serve the public, and provide a needed community service. Thus, industry self regulation is to many regulators a code word for ‘let the business people do whatever they want.’ That’s like saying to school crossing guards let everyone drive as fast as they want.

So the first thing we as an industry need to do is stop using code words that mean one thing to us and another thing to regulators and critics.

In the current scenario, the key factor to keep in mind is the regulators usually believe that they understand the complexities of the industry they regulate. Sometimes that’s true; often, however, it is not. This raises a question: if regulators do not understand the industry they regulate, whose fault is that? If we don’t take the time to educate regulators, if we don’t speak of our industry, articulately, respectfully and convincingly, we have no one to blame but ourselves when the government ignores our views.

To be effective in regulatory matters, you must be clear on your goals; you have to know what you are trying to accomplish. This may seem obvious, but you will be amazed to know many times industry enters into fights with regulators in a general sense that they want to make things better or make them not as bad as they might be, without a clear point that says, “This is the end we’re reaching for.”

Now having said all this, what does this mean for us, the dealers & users of Essential Oils, Aromatic Chemicals, in this larger regulatory battle? First of all, we must come to understand that regulations are clearly relevant to our professional success and future.

Regulation is not just an occasional burp on one’s computer screen demanding that material here or a material there no longer be used. Regulations have the power to profoundly and permanently change the nature of the industry that we all enjoy so much.

There are many changes happening globally in our industry with regard to various regulations. We, in India are not participating in any of these debates. As a result, Indian views are not being presented and heard by the international committee. India being one of the biggest producers & exporters of essential oils, should be aware of the danger our industry will soon face, when 150 odd numbers of essential oils and 26 widely used aroma chemicals will be deleted from the perfumers palette.

We are no more a single secured market. All the products produced by our customers are also being exported. The moment this happens, all kinds of documentations and certifications are required and then comes the problem.

Due to lack of information, many lose orders and the smarter one’s switchover their purchases to global companies who provide answers to all the queries demanded by the Regulatory bodies of the individual country and support it with necessary certification and documentation.

So where are we today? What must we do? And where do we want ourselves to be placed? These are

some important questions the Indian Perfumery industry should answer.

If we want to secure our future, the least we could do is to educate our members with the various legislations/regulations applicable world- wide. To do so, we must be a part of some International Regulatory /Legislative Committee.

It is high time we march ahead in a positive direction and put ourselves on a road towards success. Regulations/legislations can no longer be ignored. We need everyone's ongoing interest, energy and creativity to defend the interests of this industry around the world.

Together we can build a strong future for our industry.