Food Additives Market Assessment, By Functional Utility [Preservatives, Artificial Sweeteners, Colouring Agents, Emulsifiers, Antioxidants, Stabilizers, Thickeners, Others], By Source [Natural, Synthetic], By Application [Beverages, Bakery Products, Dairy Products, Confectionery, Convenience Foods, Sauces and Dressings, Meat Products, Others], By Region, Opportunities, and Forecast, 2016-2030F

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Report description:

The Food Additives Market in the world was valued at around USD 121.23 billion in 2022, and it is anticipated to expand to USD 170.56 billion by 2030, showcasing a compound annual growth rate (CAGR) of 4.36% from 2023 to 2030. The desirability of food additives among food companies and the consequent market growth is driven by their multifunctionality. As the demand for food and beverages with sustained quality, improved visual appeal, and enhanced taste increases, so does the demand for food additives. The international body Joint FAO/WHO Expert Committee on Food Additives (JECFA), is responsible for evaluating the food additives and giving them safety approval before they are traded internationally.
Moreover, the rapid advancement of technology in the food industry to meet consumer demands for healthier food options is expected to impact market growth positively. In particular, companies operating in the food additives market have been focusing on adopting micro-encapsulation techniques to deliver colours effectively in the final product formulations.
Preference for Clean Labels and Natural Ingredients as Food Additives
The demand for clean labelling in food products has surged, prompting the global food industry to emphasize processing methods more. In response, food additive manufacturers have adjusted their production practices to develop clean-label additives suitable for creating clean-label products. These additives find applications in various food products, such as low- and high-fat vegan dressings, white cooking sauces, ready meals, and more, serving as egg alternatives. As a result, food and beverage manufacturers are proactively adjusting the formulations of their products to align with the changing consumer demand for natural ingredients. For example, in January 2021, Corbion NV, a global lactic acid manufacturer, announced a significant

investment to expand its North American production capacity (approximately 40%) to meet the rising demand for natural ingredients across multiple industries.

Furthermore, the consumption of natural and clean-label additives is being significantly bolstered by extensive promotional efforts by various associations on a global scale. An exemplary organization contributing to market promotion is the Natural Food Colors Association, which operates primarily in Europe. This association promotes natural colorants, collaborating with industry leaders like ADM Wild, DDW Color House, CHR Hansen, FMC, and GNT. To enhance industry efficiency, the association operates several working groups dedicated to exploring the potential of different natural colour sources. Notably, in February 2022, the Archer Daniels Midland Company successfully concluded the acquisition of Comhan, a prominent flavour distributor based in South Africa. After establishing a longstanding collaboration with Comhan, this recent acquisition facilitates direct access for both current and potential customers to ADM's vast portfolio and network of experts.

Focus on Extending the Shelf-Life of Products

Food production companies increasingly use additives to ensure food safety during transportation and storage. These companies seek solutions to extend their products' shelf-life without altering flavour or appearance, maintaining consistent quality, and ensuring food safety. There is a growing demand for neatly packaged food items, particularly on-the-go options, which is driving food manufacturing companies to incorporate shelf-life stabilizers or preservatives to increase the shelf life of these products without compromising on quality. The need for shelf-life stabilizers like natamycin, rosemary extract, and potassium sorbate has surged due to the rising import-export activities of food and beverages worldwide, necessitating the extension of their shelf lives. For instance, in July 2022, at the Institute of Food Technologists 2022 event held in Chicago, IL, Kemin Industries presented its full range of clean-label ingredient solutions for the food industry. Participants were encouraged to explore possibilities for minimizing food waste, enhancing yield, and prolonging product shelf life while adhering to clean label standards.

Government Regulations/Initiatives

Government regulations aim to protect consumer health and provide clear guidelines for food manufacturers and suppliers. Food additives undergo thorough safety assessments before they are approved for use in various countries and regions, such as the United States, the European Union, and Canada. Regulatory agencies evaluate the potential risks associated with additives and establish acceptable daily intake levels. The approval process involves submitting scientific data and evidence supporting the safety and functionality of additives. Government regulations also specify the permitted uses and maximum levels of additives in different food categories, preventing excessive usage and potential harm to consumers.

Additionally, labelling requirements mandate that food additives be listed on product labels, enabling consumers to make informed choices. Continuous monitoring by regulatory authorities ensures that safety standards are upheld, and regulations are updated as necessary. Compliance with these regulations is essential for food industry stakeholders to ensure the quality and safety of food products.

Asia-Pacific Leads the Market

Asia-Pacific has emerged as the largest and fastest-growing market for food additives owing to a rising demand for precessed food. Countries like India and Australia are major milk producers, experiencing an increasing demand for flavoured milk, ice creams, and other dairy products. To create value-added dairy products, food additives such as colours, emulsifiers, flavours, and sweeteners are essential. Emulsifiers, like E4701, are commonly used in ice creams by dairy manufacturers like Amul, as they contribute to viscosity, stability, and fat reduction.

The demand for food colouring has also significantly increased across Asian countries like China, a significant producer and consumer of food colorants. China has introduced a new standard to provide regulatory clarity for colouring foodstuffs, allowing products using these ingredients to claim them as natural. This standard is expected to facilitate the adoption of clean-label solutions and promote the natural food colorant market. Several food ingredient companies are actively entering and mounting their presence in India. For instance, in January 2021, True Elements, a clean-label health foods brand by India-based HW Wellness Solutions Pvt. Ltd secured funding of USD 1.36 billion to support its expansion in India.

Technological Advancements in Food Processing

Technological advancements in food processing are playing a significant role in driving the food additives market. These advancements enable food manufacturers to develop and incorporate a wide range of food additives to enhance their products' quality, safety, and appeal. Improved processing techniques, such as high-pressure and microencapsulation, allow for better

incorporation and delivery of food additives, ensuring their effectiveness and stability. Advanced equipment and machinery facilitate precise dosage and uniform dispersion of additives, resulting in consistent product quality. Additionally, innovative packaging technologies, such as active and intelligent packaging, enable the incorporation of additives that can increase the shelf life of food products and maintain their freshness. Integrating automation, robotics, and artificial intelligence in food processing also ensures efficient production processes, enabling manufacturers to meet the growing demand for food additives cost-effectively. As food processing technologies continue to evolve, they provide new opportunities for developing and applying food additives, driving the growth of the food additives market.

Impact of COVID-19

The food additives market has experienced a notable influence from the COVID-19 pandemic. The widespread disruptions in the global supply chains and restrictions on manufacturing and distribution activities resulted in challenges for food additive manufacturers. Additionally, the economic downturn and uncertainty led to changes in consumer behaviour, with a focus on essential food items and a shift away from discretionary spending. This reduced demand for certain food products, subsequently affecting the demand for food additives.

However, on the positive side, increased demand for food products with longer shelf life and enhanced safety measures led to a rise in preservatives and antimicrobial additives. Moreover, the growing consumer interest in health and wellness during the pandemic drove the demand for natural and clean-label additives.

Key Players Landscape and Outlook

Prominent market participants such as Archer Daniels Midland Company, BASF SE, DuPont de Nemours Inc., and Tate & Lyle PLC actively engage in research and development endeavours to create distinctive products and gain a competitive edge. For example, Kerry inaugurated a state-of-the-art taste facility in Irapuato, Mexico, in June 2021. This strategic move is anticipated to bolster the company's market position in Mexico while providing advanced flavour and enhancer solutions to the local customer base.

Market players are implementing strategies such as mergers and acquisitions and expanding their production capacities to fuel their business growth. For instance , in May 2022, in an expanded collaboration, BASF, a leading chemical company, appointed Brenntag Specialties as the exclusive distributor for their Baxxodur amine-based curing agents in the United States and Canada. This agreement strengthens the partnership between BASF and Brenntag Specialties, a global leader in specialty chemical distribution.

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