CBI MARKET SURVEY

THE CUT FLOWERS AND FOLIAGE MARKET IN FINLAND

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the market for cut flowers and foliage in Finland. The information is complementary to the information provided in the CBI market survey 'The market for cut flowers and foliage in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.nl/marketinfo

1. Market description: consumption and production

Consumption

- Finland is a small market compared to other EU countries. After 8 consecutive years of decreases in value, the Finnish market for cut flowers and foliage increased again to € 177 million in 2005. This break in the downward trend was not foreseen by the Flower Council of Holland, which predicted the market to be worth € 157 million in 2009. However, the Flower Council of Holland did not include data for 2005 in its prediction. The increase in consumption in 2005 slightly improves the expectations for the coming period.
- Note that the decrease in consumption in former years was partly the result of fierce competition in the retail market which drove prices down. Next to that, increased plant production led to larger supplies of plants and a shift from flower purchases to plant purchases. In Finland, the penetration level is higher for plants than it is for flowers.
- Per capita consumption was € 34 in 2005. It is relatively low compared to countries in Northwest Europe. Most Finnish people purchase flowers to give away as presents (67%).
- The most popular flowers in Finland according to their share in total expenditure on flowers are Rosa (40%), Tulipa (22%) and Chrysanthemum (4%), Dianthus (3%), Narcissus (2%), Gerbera (2%) and Lilium (1%). Flowers are mainly purchased in mono-bunches (80%). The share of mixed bouquets in total purchases decreased from 26% to 20%.

Production

- As climatic conditions are not very good for the cultivation of most floricultural crops, the production of cut flowers and foliage in Finland is relatively small compared to other EU countries. It has been declining for over 10 years. In 2002, the production value amounted to only € 41 million. The decrease is caused by the removal of import tariffs on cut flowers and foliage and of subsidies on lighting. Local growers suffer from increasing foreign competition.
- In 2003, a total area of 43 hectares under glass was used for the production of cut flowers. Rosa is grown on 32 hectares, Dendranthema on 2 hectares and other flowers are grown on the remaining 9 hectares.

Trends

- The Finnish population increasingly purchases (flowering) plants instead of flowers.

Opportunities and threats

- Finland is a small and saturated market with little or no growth potential projected for the coming years.
- Imports substitute for the decrease in domestic production.

Useful sources
- Maa-ja metsätalous ministeriö (Ministry of Agriculture): http://www.mmm.fi

2. Trade: imports and exports

Imports
- Finland is one of the smallest EU importers of cut flowers and foliage, accounting for 0.5% of total EU imports. Its total imports increased by 5% between 2001 and 2005, amounting to € 17.5 million in 2005.
- The Netherlands supply almost the total Finnish demand for cut flowers and foliage (95%). The second largest supplier is Germany (2%).
- Consequently, developing countries play no role in the supply of cut flowers. Their supply decreased by 29% annually in the period 2001-2005, amounting to € 69 thousand in 2005. This signifies an import share of 0.4%, which is really small compared to other EU countries. This share is account for by Thailand and to a lesser degree China, mainly in their supply of Orchids.
- The largest product groups imported into Finland are ‘other fresh cut flowers’, of which imports increased annually by 5%, amounting to € 9.3 million in 2005. Imports of Rosa increased annually by 13% amounting to € 4.2 million in 2005.

Exports
- The Finnish export market of cut flowers and foliage is among the smallest of the EU. Exports decreased by 56% between 2001 and 2005, amounting to € 262 thousand in 2005.
- Finland’s exports are mainly composed of ‘other fresh cut flowers’ (€ 130 thousand) and foliage (€ 67 thousand).
- Basically, all cut flowers and foliage exports go to Russia and Switzerland.

Opportunities and threats
Finland is not an interesting market for developing country suppliers of cut flowers and foliage, because of the following reasons:
- The cut flowers and foliage market is small. The size of the import and export market is also really small.
- Imports are slowly increasing. However, imports from developing countries decreased considerably by 29% annually between 2001 and 2005.

Useful sources
- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int
- Keskuskauppakamari (Finnish Chambers of Commerce): http://www.wtc.fi
- Finnish Statistical Bureau: http://www.stat.fi

3. Trade structure

- Approximately 35 wholesalers are active on the Finnish market. They are increasingly supplying less traditional sales channels. Florists face decreasing market shares and are thus becoming less important to wholesalers. Moreover, florists often spread their purchases over different wholesalers, which tends to put pressure on the wholesalers’ prices and margins.
- Traditional retailers (florists and markets) are losing market share to large retail chains (supermarkets and department stores). The leading supermarkets are Kesko and SOK.

4. Prices

- As in many other countries, The Netherlands auctions set the price for most flowers sold in the Finland. This is particularly true, because many of the flowers traded in Finland pass through the auction system or have been supplied by Netherlands wholesalers. Refer to the

VBN statistical yearbook for average prices paid for the products auctioned: http://www.vbn.nl.
- Prices of mono-bunches in retail channels have decreased by less than 1% on average annually, although they fluctuated strongly between individual years. In 2001, the average price of a mono-bunch amounted to € 0.91. This low price is explained by the fact that this includes prices for single flowers. Prices of mixed bouquets increased sharply over the same period. On average, prices increased by 23% annually, reaching € 6.73 in 2001.

Table 4.1 Average retail prices in Finland for selected flowers in 2001, in € per stem

Product	Price (€)
Rosa	1.23
Dianthus	1.27
Dendranthema	1.95
Lilium	1.14
Tulipa	0.54
Narcissus	0.44
Gerbera	2.59

Source: Flower Council of Holland, 2005

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country’s government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- The general VAT rate in Finland is 22%. The VAT rate generally applied to flowers is also 22%.
- For more information, go to ‘Search CBI database’ at http://www.cbi.nl/marketinfo
- Barents information page on Finnish Customs procedures: http://www.barentscustoms.org/fi/index.asp

6. Business practices

Trade associations
- Finnish Glasshouse Growers' Association: http://www.kauppapuutarhaliitto.fi

Trade fairs
- Spring Garden 2007 (Bi-annual garden trade fair): http://www.finnexpo.fi

Trade press
- Puutarha Kauppa: http://puutarha.net/kauppa/

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