

CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS)
MARKET IN FINLAND

Publication date: July, 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the vegetable oils & fats and oil seeds market in Finland. The information is complementary to the information provided in the CBI market survey 'The vegetable oils and fats (including oil seeds) market 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.eu/marketinfo>.

1 Market description: consumption and production***Vegetable oils and fats***

- Finland is a negligible consumer of vegetable oils and fats. Fediol (2006) reports a total consumption of vegetable oils and fats (excluding olive oil) of 19 thousand tonnes in 2005, representing an average annual increase of 8% since 2001.
- Within the selected vegetable oils and fats (excluding olive oil), palm oil is the most important product, accounting for 74% of total consumption on 2005, followed by coconut oil (21%) and sunflower oil (5%).
- According to data from the International Olive Oil Council, Finland is a negligible consumer of olive oil, with consumption amounting to 1.2 thousand tonnes in 2006. Consumption is expected to increase to 1.3 thousand tonnes for 2007.
- Trends influencing the market for vegetable oils and fats, including oil seeds, are health concerns (causing, among others, a shift away from fatty acids and hydrogenated fats towards more unsaturated fats), increasing demand for bio fuels and a growing interest in sustainably produced (i.e. organic) vegetable oils and fats. All these factors are expected to further boost future demand for the discussed products. For more information on trends in vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market.

Oil seeds

- According to Fediol, no crushing of the selected oil seeds takes place in Finland.
- FAOSTAT data report a small consumption of sesame seeds in Finland, accounting for 1% of total EU25 consumption. In 2005, consumption of sesame seeds amounted to 640 tonnes, representing a considerable annual average decrease of 25% since 2001.

Production***Vegetable oils and fats***

- According to Fediol (2006), no production of the selected vegetable oils and fats takes place in Finland.
- According to the International Olive Oil Council no data exist on the production of olive oil in Finland.

Oil seeds

- Because of climatic conditions, production of oil seeds included in this survey is very limited in Finland. According to Fediol, no production of the selected oil seeds takes place in Finland.

Opportunities and threats

- In 2005, no production of vegetable oils and fats (excluding oil seeds) took place in Finland. Therefore, the country needs to import large amounts to meet domestic demand, which offers interesting opportunities for developing country suppliers.
- There is a special focus on palm oil and coconut oil, which have to be imported, mostly from developing countries.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

2 Trade channels for market entry

The distribution of vegetable oils & fats and oil seeds in Finland does not differ substantially from the distribution as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). However, the trade channels for Finland deviate to some degree from that of large EU member countries, as a more substantial part of vegetable oils & fats and oil seeds is imported from other EU countries, instead of directly from developing countries. Please refer to the EU survey for a more comprehensive explanation of the main trade channels in the EU.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of product, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Interesting companies in Finland are:

- Mildola Oy: <http://www.mildola.com/ENG/index/>
- Raisio Benecol Oy: <http://www.raisio.com/>

Good sources for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- Members list of the EU Oil and Protein-meal Industry (Fediol): <http://www.fediol.be/>
- Europages: <http://www.europages.com> (online business directory, with full EU coverage. 'Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.')

Online market places such as the below are also useful:

- Agronetwork.com: <http://www.agronetwork.com/global>
- Organic Trade Services: <http://www.organictrades.com> (also offering organic industry news)
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)

3 Trade: imports and exports

Imports

Vegetable oils and fats

- Finland is a relatively small importer of vegetable oils and fats, accounting for 0.4% of total EU25 imports.
- In 2005, Finland imported € 28 million / 25 thousand tonnes of vegetable oils and fats, representing an average annual increase of 11% in terms of value and 8% in terms of volume since 2001.
- In 2005, developing countries supplied 21% of all Finnish imports. Imports from developing countries increased tremendously from € 5,250 in 2001 to € 6 million in 2005.

- Within the group of vegetable oils and fats, cocoa butter is the leading import product with a market share of 45%. Other relatively important import products are palm oil and olive oil representing market shares of 24% and 18% respectively.

Oil seeds

- Finland is a negligible importer of oil seeds, accounting for 0.7% of total EU25 imports.
- In 2005, Finland imported € 5 million / 10.4 thousand tonnes of oil seeds, representing an average annual decrease of 4% in terms of value and 7% in volume since 2001.
- In 2005, developing countries supplied only 3% of all Finnish imports. Imports from developing countries decreased in value terms by an annual average rate of 15% in the period reviewed amounting to € 0.2 million in 2005.
- Within the group of oil seeds, sunflower seed is by far the leading import product, representing a market share of 86%. Between 2001 and 2005, imports of sunflower seeds showed a slightly decline 4% per annum on average, amounting to € 4.3 million in the latter year.

Exports

Vegetable oils and fats

- Finland is a negligible exporter of vegetable oils and fats, accounting for only 0.003% of total EU25 exports.
- In 2005, Finland exported € 0.2 million / 0.04 thousand tonnes of vegetable oils and fats representing an average annual increase of 4% in terms of value and an average annual decrease of 17% in volume since 2001.

Oil seeds

- Finland is a negligible exporter of oil seeds, with exports amounting to only € 4,930 / 2.3 tonnes in 2005.

Opportunities and threats

- Finland does not seem to be an interesting market for developing country suppliers of vegetable oils & fats and oil seeds, since imports of these products into Finland are relatively small.
- On the other hand, Finnish imports of vegetable oils and fats, particularly imports supplied by developing countries, are increasing strongly, which may offer interesting opportunities for developing country suppliers.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

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>

4 Price developments

The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.

Due to improved technology, different vegetable oil products are substitutable; this has a major impact on price settings. For example, palm oil is becoming increasingly popular in Finland and, consequently, the price rises.

Some other factors also influence prices of vegetable oils and oil seeds:

- The climatic conditions.
- Increasing demand for bio-fuels.
- Increased demand for vegetable oils and fats, due to improved welfare world-wide.

- Driven by health concerns, the substitution of animal fat to the advantage of vegetable oils and fats.

With regard to oil seeds, in general, the prices of large volumes of oil seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

For information on prices for vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market for vegetable oils and fats (including oil seeds), or consult FOMA, Finnish Oil Millers' Association: <http://www.etl.fi>

5 Market access requirements

As a manufacturer in a developing country preparing to access Finland, you should be aware of the market access requirements of your trading partners and the Finnish government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select vegetable oils & fats and Finland in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Finland, visit the following websites:

Trade Associations

- Finnish Food and Drinks Industry Federation <http://www.etl.fi/>

Trade press

- Elintarvikevirasto.fi http://www.evira.fi/portal/en/evira/press_room/
- Finfood <http://www.finfood.fi/>
- Maku <http://www.maku.fi/>
- Pirkka <http://www.pirkka.fi/>

Trade fairs

- Pactec Foodtec - the leading packaging and materials handling event in the Nordic Countries. Processing technology and raw materials for the food industry Helsinki: <http://www.finnexpo.fi>

Other

- A possible source of cultural specifics in Finland could be: <http://www.kwintessential.co.uk/resources/global-etiquette/finland-country-profile.html>

This survey was compiled for CBI by ProFound – Advisers In Development

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