CBI MARKET SURVEY

The fresh fruit and vegetables market in Finland

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Introduction

This CBI market survey gives exporters in developing countries (hereafter DCs) information about the main features and developments in the fresh fruit and vegetables market in Finland. The information is complementary to the information provided in the CBI market survey 'The fresh fruit and vegetables market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products, some general remarks on the statistics used, and information on other available documents that cover this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Total consumption

Finland is a relatively small country in the EU with a population of 5.28 million people. The total apparent consumption[1] of ***fresh fruit*** in 2007 amounted to 278 thousand tonnes or 53 kg per capita, far below the EU average of 94 kg. Between 2002 and 2007, consumption of fresh fruit increased by 16%. The most popular fruits were citrus fruits, followed by apples and bananas.

Consumption of ***fresh vegetables*** was 338 thousand tonnes in 2007 or 64 kg per capita, nearly half of the EU average of 120 kg. Between 2002 and 2007 consumption increased by 10%. The most popular vegetables were tomatoes, carrots, cucumbers and onions.

Trends in consumption

- Lifestyles are becoming busier
- The number of singles is increasing
- Increasing demand for fresh, more convenient and more nutritious foods
- Increasing awareness of food safety and the origins of food
- Organic and functional foods are becoming more and more important
- Out of home consumption is rapidly growing with an increasing popularity of American-style food chains, sushi bars and coffee shops
- Growing interest in foreign tastes like Italian food and Indian food
- Consumers are becoming more price conscious due to the negative prospects of their incomes.

Production

In 2007 the Finnish production of ***fresh fruit*** was 15 thousand tonnes. Between 2002 and 2007, fruit production fluctuated and decreased by 4%. Finland has one of the smallest production figures in the EU. Due to the cold climate and the short growing season the production of fruit is limited Strawberries were the most important fruit crop, accounting for 66% of the total fruit production. Other fruits produced in Finland were apples (20%) and berries (14%).

Finland produced 244 thousand tonnes of ***fresh vegetables*** in 2007. Between 2002 and 2007 the production rose by 3%. Main products were carrots (28% of total fresh vegetables production), cucumbers (17%), tomatoes (16%) and brassicas (10%).

[1] Total consumption is calculated as production+import-export. It is based on data from Eurostat (2007,2008) and FAOSTAT (2008)

Trends in production

- Nearly all production of fresh fruit and vegetables in Finland is destined for the domestic market and there are no signs that this will change.

Opportunities and threats

+ The climatic conditions of cold winters, temperate summers and low solar radiation levels in Finland limit the growing season. Most of the fresh fruit and part of the fresh vegetables have to be imported;
+ There is a growing interest in foreign cuisine and exotic products.

More information on opportunities and threats can be found in Chapter 7 of CBI's market survey "The fresh fruit and vegetables market in the EU".

2 Trade channels for market entry

There are three central wholesalers in Finland, the S-group, the K-group and Suomen Lähikauppa, that dominate the food market with a share of 87% in 2007 (Source: USDA FAS). The S-group consists of member-owned regional cooperative societies with a market share of 41%. The K-food stores (Kesko) are privately owned, but buy most of their products from Kesko. They had a market share of 34% in 2007.

In January 2009, Tradeka, the number three in the Finnish market, changed its name into Suomen Lähikauppa Oy. They claim to be leading in local stores and had a market share of 12% in 2007. Lidl entered the Finnish market in 2002 and has an estimated market share of about 5%.

S-Group - http://www.s-kanava.fi, also in English;
K-group – http://www.kesko.fi, also in English;
Suomen Lähikauppa - http://www.lahikauppa.fi (former Tradeka) also in English.

The best way of entering the Finnish market for DC exporters is through an agent or importer specialised in exotic and off-season products. The three largest importers/wholesalers in Finland are:

- Inex Partners Oy for the S-group: http://www.s-kanava.fi;
- Kesko Food for the K-group: http://www.kesko.fi;
- Tuku Logistics for Lähikauppa: http://www.tuko.fi.

For information on more importers, please contact the Finnish Foreign Trade Agents' Federation – http://www.agenttiliitto.fi; also in English.

The largest wholesale market is located in Helsinki - http://www.hel.fi/wps/portal/Helsingintukkutori_en/?WCM_GLOBAL_CONTEXT=/en/Wholesale%20Market/.

Margins vary strongly depending on the type and quality of product, the distribution channel, the continual changes in supply and demand, and resulting price fluctuations. It is estimated that European importers need a trade margin of some 5-10 percent to cover their business costs and risks. More information on margins can be found in Chapter 5 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

3 Trade: imports and exports

Imports
Finland is one of the smaller importers of fresh fruit and vegetables in the EU, accounting for 1% of the total import value. In 2007 264 thousand tonnes of ***fresh fruit*** were imported, with a value of €248 million (Eurostat 2008). Between 2003 and 2007, the import value of fresh fruit increased by 12% in value and by 15% in volume. Most fruit came from other EU countries (92%), 5% was originating from DCs.

Most important products in 2007 were bananas (27% of total import value), citrus fruit (21%), apples and pears (20%), and table grapes (14%). The Netherlands was the main supplier of fresh fruit (30% of import value), followed by Germany (16%), Spain (12%), Sweden (10%) and Belgium (7%). Main DC imports were apples (36% of the € 14 million import from DCs) and citrus fruit (28%). In this group Brazil was the main supplier of apples, Morocco and Egypt of citrus fruit.

In 2007, Finland imported 95 thousand tonnes of ***fresh vegetables*** with a value of €129 million. Between 2003 and 2007, imports increased by 25% in value and by 22% in volume, and they nearly all originated from EU countries (>99%).

Most fresh vegetables imports in 2007 were tomatoes (26% of value), lettuce and cabbages (22%), sweet peppers (17%) and cucumbers (9%). The Netherlands and Spain were the main suppliers with resp. 42% and 34% of the total import value.

Exports
The Finnish exports of fresh fruit and vegetables are very small. Finland exported two thousand tonnes of ***fresh fruit*** in 2007 with a value of €2 million (Eurostat 2008). Main destinations were Sweden (64% of export value), Estonia (26%) and The Netherlands (7%). More than 50% of these exports consisted of cranberries and other berries.

In 2007, Finland exported two thousand tonnes of ***fresh vegetables*** with a value of €2 million. Main destinations were Sweden (60%), Estonia (14%), The Netherlands (10%) and Denmark (5%). Main export products were mushrooms and cucumbers.

Opportunities and threats

+ Finland has to import nearly all fresh fruit and vegetables, as its own productions is very small due to climate conditions;
± DCs are not important suppliers to the Finish market. They represent only a 5% share in the total fresh fruit imports in Finland;
- Most exotic and off-season fruit is supplied by other EU countries;
- There are very limited possibilities to export fresh vegetables from DCs directly to Finland.

Exporters should look at those EU countries that supply Finland with exotics and off-season products (mainly The Netherlands, Germany and Belgium). More information on opportunities and threats can be found in Chapter 7 of CBI's market survey "The fresh fruit and vegetables markets in the EU".

Useful sources
- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu;
- Eurostat – official statistical office of the EU - http://epp.eurostat.ec.europa.eu.

4 Price developments

The CBI market survey ‘The fresh fruit and vegetables market in the EU’ gives information on price levels of fresh fruit and vegetables in the EU. Prices in the Finnish market will not differ much from the EU level. Prices of fresh fruit and vegetables are the result of negotiations between the seller and the buyer. In the negotiation process, many factors influence the final price. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

The Market New Service ‘Fresh Tropical and Off-Season Fruit and Vegetables’ of the International Trade Centre provides regular and detailed information about prices of fruit and vegetables - www.p-maps.org/mns. Importers and agents can also give up-to-date information on the price levels of individual products in Finland.

5 Market access requirements

Manufacturers in developing countries preparing to access Finland should be aware of the market access requirements of 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 fresh fruit and vegetables and Finland, 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.

There are EU import tariffs and entry prices for fresh fruit and vegetables. They range from 0% for exotics such as papaya and passion fruits to 17.6% for nectarines. More information on tariffs and quotas can be found at http://exporthelp.europa.eu. Imports from DCs often benefit from preferential or zero import duties.

6 Doing business

Information on doing business such as 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:
- The Central Chamber of Commerce of Finland - http://www.keskuskauppakamari.fi; also in English;
- Enterprise Finland, information on trade with Finland - http://www.enterprisefinland.fi; also in English;
- http://www.kwintessential.co.uk/resources/global-etiquette/finland-country-profile.html in English, for information on business culture and practices in Finland.

This survey was compiled for CBI by Mercadero in collaboration with Piet Schotel.