CBI MARKET SURVEY

The honey and other bee products market in Finland

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Introduction
This CBI market survey gives exporters in developing countries information on some main developments in the honey and other bee products market in Finland. The information is complementary to the information provided in the CBI market survey 'The honey and other bee products 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

Consumption and industrial demand
Finnish consumption of honey is small compared to that of other EU countries. The honey consumption by Finland accounted for less than 1.3% of total EU consumption in 2007. Between 2003 and 2007, consumption fluctuated. Between 2004 and 2006, consumption increased steadily, after which it decreased slightly between 2006 and 2007 to an amount of 3.9 thousand tonnes in the latter year. Per capita consumption of honey amounted to 0.75 kg in 2007, which was significantly higher than the EU average of 0.63 kg per person that year (Eurostat/FAOSTAT, 2008).

The preferences of Finnish consumers regarding honey are not very different from consumers in other EU countries. The only notable difference is that they accept crystallised set honey, or creamed honey, more easily than in other countries. They are more used to this, as the honey produced in Finland is characterized by fast crystallisation (5-6 months). The domestic honey is most popular in Finland. Furthermore, Finland is one of the leading developers of functional foods, where for example honey can be used as a natural alternative for sugar.

Finnish consumption of honey might profit from the same natural health trend as in other EU countries. However, it remains difficult to estimate how the market will develop, as disruptive events such as the ban on Chinese honey in 2002 are not predictable. Moreover, the current economic crisis may lead to a decrease in consumer expenditure.

Finnish consumers spend little money on organic products. The market share of organic food is estimated at approximately 0.8%, but organic food has lost some of its novelty and consumers expect to spend little or no money on premium prices. The total retail sales of organic food amounted to € 57 million in 2006, indicating a per capita expenditure of € 11 (Research Institute for Organic Agriculture (FiBL), 2008). Compared to the previous year, the sales value decreased, although between 2001 and 2005 the market was still increasing.

Sales of FLO (Fair Trade Labelling Organization) certified honey amounted to 11 tonnes in 2006. These sales remained more or less stable since 2004.

There are no data available on the consumption of beeswax in Finland. However, based on import and export figures and the size of the beekeeping sector in Finland, consumption is estimated to be small, compared to other EU countries.

Production
Finland is a small honey producer compared to other EU countries, accounting for approximately 1.5% of the total EU honey production. In 2007, Finland produced 3.0 thousand

tonnes of honey. Between 2003 and 2007, production increased by 15% annually on average, although between 2006 and 2007 production remained stable (FAOSTAT, 2008).

Production of commercial beeswax is negligible. Beekeepers use the beeswax for their hives.

The number of beekeepers active in Finland is approximately 4,000-5,000 and only 2% of them is professional. Beekeepers in Finland have a very short production season, of only 2-3 weeks per year, due to the cold climate. In comparison, in countries with a warm climate, honey can be produced during most of the year.

Opportunities and threats

+ When comparing consumption to production, Finland was for 77% self-sufficient regarding its honey needs in 2007. The remaining share needs to be imported. Moreover, consumption increased during the review period.
- However, Finland is a small market for honey in the EU. The country's population is only 5 million. Moreover, production increased at a stronger rate than consumption, and both consumption and production remained rather stable between 2006 and 2007.
- The organic market segment seems to be saturated, and consumers are not willing to pay a large price premium for organic products. The sales of Fair Trade products also remained stable during recent years.

Please refer to the survey covering the EU market for general opportunities and threats in the EU.

2 Trade channels for market entry

The trade channels, for honey and other bee products from developing countries to Finnish consumers, do not differ from other countries. Honey producers are often organised in groups (cooperations or associations) which collect the honey and establish trade relationships with interested buyers. The buyers can be importers or packers, but often fulfil both functions. Please refer to Chapter 3 of the CBI market survey covering the EU for more information.

An interesting player for developing country exporters in the Finnish honey market is Finnish Honey Packers Ltd (http://www.hunajainensam.fi). Finnish Honey Packers Ltd. supplies approximately one third of the Finnish market. The company packs both honey produced in Finland and imported honey. They mainly supply food chains and supermarkets, which are the most important retail channels for honey. The other sales channels are the food service sector and the food industry.

Smaller packers often supply health shops, organic shops and other specialty food shops. Industrial users are also mainly supplied by large packers. However, some catering businesses look for specialty honeys, such as Fair Trade honey, which are mostly supplied by small packers.

Honey needs to pass through various intermediaries (e.g. freight company, importer, packer, retailer, etc.) from the moment of export to the moment that the final consumers purchase the product. All of the intermediaries add value to the product and the prices paid for the product are therefore different at every stage. Generally speaking, retail prices are around 2.5-3 times higher than producer prices. Please refer to the survey covering the EU market for more detailed information on the price structure of honey.

Finding a trade partner in Finland should not deviate from the general EU method. Buyers and suppliers often find each other through existing contacts in their network. If you can not rely on your network, some research will be required. Contact details can be found through the Chamber of Commerce (http://www.keskuskauppakamari.fi/en_GB/). Ask for contact details of importers or other companies or organisations which can help you in your search.

The following sources can also be used for finding a trading partner through a business-to-business database such as:

- Agronetwork.com - http://www.agronetwork.com/global
- Food world - http://www.thefoodworld.com/food_exporters_importers
- Europages - http://www.europages.com
- Alibaba – http://www.alibaba.com
- Food from Finland - http://www.foodfromfinland.com/?s=2 – trading directory

3 Trade: imports and exports

Imports

Finland is a small EU importer of honey and beeswax, accounting for a share of only 0.8% in total EU imports. In 2007, Finnish imports of honey and beeswax amounted to € 3.0 million / 1.0 thousand tonnes, consisting for 89% of honey. Between 2003 and 2007, these imports decreased by 3.2% annually on average in terms of value, but remained stable in terms of volume. This decrease took place only between 2003 and 2005. The stability in volume coincides with both the increasing consumption and production of honey. Production of honey increased even stronger than consumption, which is reflected in the increase in exports.

Developing countries accounted for a share of 12% in Finnish imports of honey, which was low compared to the EU average of 42%. Moreover, imports from developing countries decreased by 13% annually in value during the review period. This decrease was mainly caused by the annual decrease of 40% in imports from Cuba. On the other hand, imports from Argentina increased by 35% annually in the period under review, making Argentina the fourth largest supplier of honey to Finland. The leading suppliers are Germany, Denmark and France, together accounting for 71% of the imports.

Exports

Finland is one of the smallest EU exporters of honey and other bee products, accounting for a negligible share in total EU exports. However, between 2003 and 2007, exports increased by 44% annually on average in terms of value and by 46% annually in terms of volume, to an amount of € 104 thousand / 48 tonnes in the latter year. The main country of destination was Germany, to which exports increased by 215% annually on average during the review period. Considering the limited imports from developing countries, re-exports of honey and other bee products from developing countries are of little importance.

Opportunities and threats

- Finland is only a small trader of honey in the EU, being both a small importer and exporter. Moreover, imports decreased in value during the review period.
- Developing countries account for only a small share in Finnish honey imports, and their share decreased during the review period.

Please refer to Chapter 4 of the CBI market survey covering the EU for more information on opportunities and threats.

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

In the long term, honey prices in Finland are mainly influenced by global market prices. Increased imports of low-priced honey from the world's leading producers have pushed down honey prices in Finland. Contrary to this development, the global prices of honey are currently increasing, because of a worldwide supply shortage of honey. The weather conditions and bee losses have a negative influence on the production of honey, which makes the product scarcer, resulting in increasing prices.

For more information on price developments, please refer to Chapter 5 of the CBI market survey 'The honey and other bee products market in the EU'.

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 your market sector and target country 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://exporthelp.europa.eu/

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
- ETL - http://www.etl.fi - Finnish Food and Drink Industries' Federation
- Finnish Beekeepers Association - http://www.hunaja.net (only available in Finnish)

Trade fairs
- PacTec / FoodTec - http://www.finnexpo.fi/pactec/?code_language=en - trade fair for suppliers and buyers of raw materials, processing technology and packaging. The fair takes place once every two years, and the next one will be held in October 2009.
- Food Manufacturing Tampere - http://www.tampereenmessut.fi/html/eng_index.html - trade fair for the food manufacturing industry. The last one was held in 2008.

Trade press
- Maku – http://www.maku.fi - Food ingredients and preparation (only available in Finnish)
- Pirkka – http://www.pirkka.fi - Food innovation and Health (only available in Finnish)

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