

CBI MARKET SURVEY

THE COFFEE, TEA AND COCOA MARKET IN FINLAND

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Report summary

This CBI market survey discusses, amongst others, the following highlights for the coffee, tea and cocoa market in Finland:

- Finland has the highest per capita coffee consumption in the EU (12 kg in 2008), with total consumption amounting to 67 thousand tonnes in 2008.
- Total tea consumption amounted to 1.2 thousand tonnes (0.23 kg per capita) in 2008, which is relatively low by West European standards.
- At 7.2 kg in 2007, per capita consumption of chocolate confectionery in Finland is above EU average.
- Finland is a medium importer of coffee, with green coffee imports amounting to € 150 million in 2008; it is small tea importer, with tea imports amounting to € 13 million. Finland imports a small amount of cocoa products.
- Developing countries play a significant role in the supply of coffee as they provide Finland with all of its green coffee imports and 9.2% of its tea imports. Nevertheless, they do not provide Finland with any cocoa beans or products.

This survey provides exporters of coffee, tea and cocoa with sector-specific market information related to gaining access to Finland. By focusing on a specific country, the survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The coffee, tea and cocoa market in the EU', which covers the EU market 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

Due to the interesting perspectives offered to DC exporters in organic and other certified markets for coffee, tea and cocoa, they are given a particular focus in this survey. These markets grow faster, offer a premium, and traded volumes are smaller than in the conventional market, which makes it more interesting for DC exporters. Although these markets are still relatively small compared to the conventional market, having certification in place improves your market access in the EU. In Finland, the organic market is still of limited importance. In 2007, the Finns spend € 62 million on organic food, or € 12 per capita. This constituted 0.9% of the domestic food market (FiBL, 2009). Information on the specific markets for organic coffee, tea and cocoa is not available.

Note that the consumption data for coffee and tea in this chapter concern the Finnish consumer market. Information on industrial demand for green coffee and tea for blending/packing, the form in which most coffee and tea is shipped to Europe, is not available. Although consumption offers much information about market developments an increase or decrease in consumption does not necessarily translate into an increase in industrial demand from local roasters and blenders, because Finland also imports processed products. Moreover, imports are not necessarily sourced directly in developing countries.

Coffee is partly imported from other European countries, also in the form of roasted coffee, in which developing countries play only a very limited role. This is not the case for Finland, which imports mostly green coffee. Moreover, as Finnish roasters such as Paulig and Meira also have

a strong market position in surrounding markets (especially Estonia) and export ground coffee there, domestic industrial demand for green coffee is quite large.

Tea can be packed in other countries for shipment to Finland. Alternatively, tea intended for Finnish blenders can be imported from traders in the main EU trade centres. The UK, Sweden and Germany play an important role in the Finnish tea market.

Consumption

Coffee

Finland is a relatively large consumer of coffee, accounting for 2.8% of the total EU consumption in terms of volume (International Coffee Organization (ICO), 2009). Per capita coffee consumption (12 kg) in Finland was among largest in Europe (average of 5.0 kg). A stable growth in coffee consumption can be noticed in Finland with an average annual growth of 1.9% between 2004 and 2008, totalling 67 thousand tonnes in the latter year (ICO, 2009). The Finnish market used to be characterised by extreme competition and very low prices. However, consumption value increased rapidly due to a rising demand for premium products and fast growth in the high-value instant coffee market. Retailers offering cheap private label products increasingly recognised that they needed to offer ethical and speciality coffees. Furthermore, the take-out and in general the out-of-home coffee sector increased fast due to increasingly busy lifestyles.

Finnish consumption of Fair-Trade-certified coffee increased by 56% annually over the period 2003-2007, amounting to 663 tonnes in the latter year. Between 2007 and 2008 Fair-Trade coffee consumption increased by 17% (Fairtrade Labelling Organization (FLO), 2008). As such, it was one of the most successful EU markets for Fair Trade coffee. This is mostly due to the fact that the biggest coffee producers Gustav Paulig and Meira introduced Fairtrade brands. Furthermore, ABC (Finland's biggest service stations chain) and McDonalds serve only ethically produced coffee. Organic certification is of less importance in Finland.

Tea

Finland is a small-to-medium tea consumer, with an EU market share of 0.5% in 2008. Total Finnish tea consumption showed a strong annual average increase between 2004 and 2008 (5.3% annually), amounting to 1.2 thousand tonnes in 2008 (International Tea Committee, 2008). Per capita tea consumption in Finland is rather low compared to West European countries, but showed a stable increase over the period 2004-2008, amounting to 0.23 kg in the latter year. Note that coffee completely dominates the consumption of hot drinks in Finland.

Tea, and especially green and fruit/herbal teas, are increasingly in demand in Finland. However, herbal infusions offer few opportunities for developing country producers as they often do not contain tea. Green tea had some strong growth rates in 2006. According to Euromonitor, an international market research group, tea is becoming increasingly popular among Finnish consumers. This is mainly driven by the health and wellness trend that is mainly characterising the hot drinks sector and is strongly promoted by the media. Moreover, the sales of high-quality, premium tea products are increasing (Euromonitor, 2009).

Certified coffees, i.e. Fairtrade coffee, organic coffee and UTZ certified coffee, accounted in 2007 for 4.9% of coffee sales in Finland. Of these, the share of UTZ certified coffee is over 80% (Kesko, 2007). Consumption of Fair-Trade-certified tea in Finland increased by 22% between 2002 and 2006, totalling 11 tonnes in the latter year (FLO, 2007). Furthermore, in 2008 sales of Fair-Trade tea increased by 6% compared to the previous year (FLO, 2008). According to Euromonitor, the development of the Fair-Trade market was very positive in 2007 as well.

Cocoa

According to the International Cocoa Organization (ICCO), Finland is a medium-sized consumer of cocoa with a market share of 1.1% in 2007/2008. The apparent consumption¹ of cocoa in Finland was 15 thousand tonnes in 2007/2008, which signifies an annual increase of 7.0% since 2003/2004 (ICCO, 2009).

Finland does not have a cocoa grinding industry. Finnish per capita chocolate consumption takes a 7th position in Europe, with 7.2 kg in 2007.

Market segmentation

Market segmentation of coffee, tea and cocoa in Finland does not differ particularly from overall EU segmentation. For more information, please refer to the CBI survey covering the coffee, tea and cocoa market in the EU.

Trends

- Coffee is the dominant product within the Finnish hot drinks sector and, although characterised by maturity, a vibrant coffee culture is boosting sales.
- Sales' value is supported by ethical and speciality products, as well as the demand for instant coffee. Over the past years, Finns increasingly dined out, spending a bigger share of their budget for restaurants. This trend is expected to continue to increase out-of-home consumption of hot drinks (Euromonitor, 2009). Tea has become more popular among young people, with special preference for green, herbal and fruit teas. The health trend is driving green tea sales, which becomes increasingly popular amongst the Finns.
- Furthermore, chocolate-based drinks are very popular in Finland. The influence of the economic crisis has resulted in either a reduced demand for premium products or the shift towards cheaper products (Euromonitor, 2009). This could also affect the strongly increasing Fair Trade markets in Finland.

Production

Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Finland is fully dependent on imports of these products from other countries.

Finland does not have a cocoa grinding industry. Tea and coffee processing predominately takes place in the EU, and Finland has several players. Information on these companies can be found in Section 2 of this market survey.

Opportunities and threats

- + Finland is one of the world's leading coffee-drinking countries, with a per capita consumption of 12 kg in 2008 (as a comparison, the EU average was 5.0 kg per capita). This makes Finland an interesting market for developing country exporters of coffee.
- + Green and fruit/herbal teas are increasingly in demand in Finland.
- + Consumption of Fair-Trade-certified coffee and tea are increasing at a very high pace in Finland. However, for the coming years growth is expected to be following a slower pace.
- The economic crisis has a negative effect on the sales of premium coffee, tea and cocoa and this is expected to continue in the coming period.
- Per capita expenditure on organic products in Finland is developing only slowly, compared to other Nordic countries.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to chapter 7 of the CBI market survey covering the EU market.

¹ Apparent consumption of cocoa means grindings plus net imports (imports minus exports) of cocoa products and of chocolate products recalculated into the amount of beans, using conversion factors.

Useful sources

- For useful sources on consumption and production of coffee, tea and cocoa in Finland and the EU, please refer to the EU survey, Chapters 1 and 2.
- Furthermore, the associations and trade press mentioned in Chapter 6 of this survey are of interest. Euromonitor offers information on the Finnish market for Hot Drinks, including coffee, tea and cocoa drinks - <http://www.euromonitor.com>

2. Trade channels for market entry

Trade channels

Conventional

The three product groups discussed are each distributed in a different manner. The trade structures for coffee and tea share important characteristics, but also differ in, for example, the role of warehouses and auctions. Particularly the cocoa trade, with its four main products of cocoa beans, paste, butter and powder and its industrial focus, has an entirely different trade structure. Some initial processing takes place for coffee, tea and cocoa, before being exported to the EU, but local processing of cocoa in the country of origin is becoming more common. On the other hand, the trade structures also have common features;

- Processing takes place in a limited number of EU countries, although the extent of concentration varies between the three products.
- Developing countries play a limited role in processed products except for cocoa products. However, powder, butter and paste are also still mostly sourced from EU processors.
- As such, imports into the EU take place mostly through EU countries or other countries with an important trading role.
- Countries with smaller processing industries also source (part of) their needs from traders and processors in these countries. Countries with a small or no processing industry for one of the products will have limited opportunities to develop country suppliers, except for certain market niches.

Finland imports exclusively processed cocoa products, conducted by industrial users such as chocolate, confectionery and beverage manufacturers, and lacks a grinding industry. For more information, please refer to the CBI survey covering the EU market for coffee, tea and cocoa.

Brokers and agents

Brokers and agents play an important role for all three commodities chains, but especially for tea since they are prime actors at tea auctions, although increasing amounts of tea are traded outside these systems. Large multiple commodity brokers, as well as smaller specialised companies, are active in these markets. Agents representing importing companies in developing countries can play an important role.

Traders

Traders play a vital role for all three product groups. This channel offers good, if not the best, opportunities for market entry for all three product groups. However, trade is increasingly dominated by a limited number of trading companies. Nevertheless, prospects remain for smaller specialised traders which trade non-conventional products (high quality, specific origin), which might be interesting for DC producers.

Traditionally, traders operate in ports where coffee is delivered. As these are mostly outside of Scandinavia, Nordic countries lack main traders. Imports of coffee are conducted by roasters and agents, often from the main EU trading centres.

Vertical integration between tea blenders and traders is considerable. Finland does not play a role in this trade and tea is mostly sourced through other EU countries. This includes the needs of local blenders, but to a relatively large extent also concerns imports by distributors and retailers of processed tea.

The largest cocoa processors also have their own import departments, but trading companies play a very large role in processor sourcing practices. Finland does not have any large cocoa traders or cocoa grinders; it exclusively imports processed cocoa products.

Processing

The level of concentration in processing (roasting of coffee, blending of tea, and grinding of cocoa) industries is very large. The leading four coffee companies for example account for 97% of the market, while Kraft plays a leading role in the smaller instant coffee market (ITC Coffee Guide, 2009). The leading companies are the domestic Paulig Group, Segafredo Zanetti and Kraft Foods, Inc. While blending and packing of tea predominately takes place in the EU and not in DCs, this probably happens only to a very limited extent in Finland itself. Although less concentrated than the coffee trade, processing is strongly concentrated on a regional level. The leading three firms usually hold more than half of the local market, with players either multinationals such as Unilever or national players, as well as niche and specialty players. In Finland, Unilever and Twinings are important tea companies.

Cocoa processing companies can be divided into the grinding industry, producing cocoa paste, butter and powder and, secondly, secondary processing companies active in further processing of cocoa butter. Finland does not have large processors. Fazer Confectionery is Finland's leading confectionery company and a strong player in the Baltic Sea region. Fazer's three confectionery factories are located in Finland.

Retailing and consumption

The next step for the coffee and tea trade is retailers and caterers. In most countries, retail sales account for 70-80% of the market. Because of increasing retail concentration and buying power of retailers in the EU, as well as increasing private label sales, the coffee and tea industries are becoming further concentrated.

Consumers buy chocolate or cocoa beverages and confectionery directly through supermarkets and/or specialty chocolate shops, but these products are also consumed through the catering and institutional sector.

Channels for certified products

Importers of organic coffee, tea and cocoa are often not exclusively specialized in these products, but in organic products in general, and they are mostly dedicated to conventional (e.g. not specialty) products. Trading houses of coffee, tea and cocoa, play a more limited role in the trade in organic products, but due to further organic market development this situation is changing. Most traders of organic products are still located in The Netherlands and Germany, and form an important trade channel for organics producers in DCs. UTZ-certified and Rainforest Alliance are mainly working with the larger mainstream players and are therefore traded through the conventional channels.

In the EU, certified coffee, tea and cocoa (i.e. organic, Fair-Trade, Utz certified, Rainforest Alliance, etc.), is sold primarily through traditional channels (either mainstream retailers or organic retailers, but not specialty coffee and tea stores). Supermarkets have become more important, especially for coffee. Many EU retail chains offer certified (private label) products. Finland's largest retailer Kesko has large assortments of certified coffee, tea and chocolate. Concerning tea, the focus is still more on Fair-Trade (or fair trade-organic combinations) but it is expected that UTZ-certified as well as Rainforest alliance will gain market share quickly. Furthermore, there are also organic food supermarkets and stores, which sell organic coffee, tea and chocolate.

Finnish supermarkets hire the services of large-sized (though not mega-) roasters, blenders and chocolate/ food product producers for their organic private labels

Trends

Trends in trade structure have been described in the overall trade structure above, but the most important trends are:

- Continued concentration tendencies in trade and processing of coffee, tea and cocoa.
- Due to increasing interest in premium products, there are also still, and perhaps even increasing, numbers of small processors on the EU market.
- Increasing sales and good expectations for certified coffee, tea and chocolate and other cocoa products, and especially increasing sales through supermarkets, have made the sustainable market increasingly interesting for conventional players. Especially their entrance in the organic market will have a profound influence on this niche.

Price structure

Different prices and margins apply throughout the various trade channels. Moreover, the products under discussion, coffee, tea and cocoa, each have their own pricing structure. For example, for tea, the largest margins achieved by for blenders/packers - which blend, pack and market tea, often under their own brand. A very large margin for cocoa is made during processing of cocoa beans into butter, paste and powder. Margins further on in the cocoa trade channel, when cocoa products are used in chocolate and other final products, are not transparent. In general, margins in Finland follow EU levels and trends.

Following consolidation and internationalisation in the coffee, tea and cocoa industry, prices and margins are under pressure.

Selecting a suitable trading partner

Finding a trade partner in Finland should not deviate from the general EU method. However, please note that Finland plays a very limited role in the trade of the tea and cocoa, and imports are to a considerable extent conducted by agents and processors, directly from other EU countries, or concern processed products imported from other EU countries by retailers/distributors and, in the case of cocoa, by chocolate and food manufacturers. Coffee is more often imported directly from DCs, to be roasted for the domestic as well as regional market.

Buyers and suppliers often find each other at trade fairs. The Anuga, SIAL, FI Europe are of principal importance for conventional food products and ingredients. The COTECA trade fair 2010 in Hamburg is the first specialist trade fair for coffee, tea and cocoa. The BioFach trade fair is of particular importance for organic coffee, tea and cocoa. Moreover, for coffee and tea, the Tea and Coffee World Cup in Vienna is of importance. Participating in or visiting trade fairs is also valuable for price benchmarking, and making necessary product adaptations. Establishing contact through trade directories, or through directly contacting interesting companies you encounter, can also be useful. Concerning conventional products, company visits and sending samples, including elaborate technical data, are indicated as a method appreciated by importers. If positive responses are obtained, you could invite prospective buyers to your country. Brokers also fulfil an important function in market linking, while websites offer another opportunity to find trade partners. The first step after finding a trade partner, which is often requested by the buyer, is to give a quotation and sometimes packaging details.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality; the kind of trade relation the partner is interested in, the position of the partner and his financial status and credibility.

Useful sources

Coffee

- Gustav Paulig AB is also among the leading roasters in Finland, with strong positions in the Baltic area, a leading coffee manufacturer. Paulig works with Utz-certified for many of its brands - <http://www.paulig.fi>
- Robert's Coffee is the biggest coffee shop chain in Nordic countries and has its own gourmet coffee roaster in Finland - <http://www.robertscoffee.com>
- Meira, part of Massio Zanetti Beverage Group, one of Europe's biggest coffee producers, controls about 30% of the Finnish coffee market - <http://www.meira.fi/>

Tea

- Nordqvist, a Finnish tea blender - <http://www.nordqvist.fi>

Cocoa

- Karl Fazer Finland is among the leading food product companies in Finland, also with a chocolate and confectionery department - <http://www.fazergroup.com> .
- Chocolate producer is Kaakaopuu (<http://www.kaakaopuu.fi/>).
- Condite is a natural ingredients trader/distributor in the food sector, also focusing on processed cocoa products - <http://www.condite.fi>

On-line company databases for finding companies working in the coffee, tea and cocoa markets can very useful. National associations for the appropriate products are mentioned in Section 6. Furthermore, several sector specific EU-wide associations are included in Chapter 3 of the EU survey.

3. Trade: imports and exports

Imports

Coffee

Finland is a medium-sized importer of green coffee, taking the 8th place in the EU and accounting for 2.6% of total EU imports. In 2008, imports amounted to € 150 million / 71 thousand tonnes, signifying an annual increase of 17% in value and of 2.8% in volume since 2004.

Almost all imports originated in developing countries, of which Brazil is the leading supplier (40% market share). Of the main suppliers, especially Nicaragua's supply is increasing fast (25% annual increase). Guatemala also shows an increasing importance among supplying countries with growth rates of over 25%.

Most EU countries import part of their coffee needs as roasted coffee, a market in which DCs play a negligible role. Finnish imports are dominated by green coffee accounting for 95% of the total volume of coffee imports. Finland's relatively large imports of green coffee signify a reliance on domestic roasters. Finland is one of the smallest EU importers of roasted coffee. In 2008, the imports amounted to € 14 million / 3.5 thousand tonnes. Almost all imported roasted coffee comes from EU countries.

Organic

According to ICO, Finland is a small importer of organic coffee, with import volume amounting to 39 tonnes in 2007/2008.

Tea

Finland is the EU's 13th tea importer, accounting for 1.5% of total EU imports. Imports increased by 5.5% annually in value and by 4.5% in volume between 2004 and 2008, totalling € 13 million / 1.4 thousand tonnes. 26% of imports was accounted for by green tea, while

black tea accounted for 74%. As such, green tea is relatively important compared to the EU average.

Table 3.1 Imports of coffee, tea and cocoa by Finland, 2004 - 2008, in € million/1,000 tonnes, average annual change in % of value

Product	2004		2006		2008		Average annual % change	
	value	Volume	Value	volume	value	volume	value	volume
Green coffee	80	64	126	65	150	71	17%	2.8%
Tea	11	1.2	11	1.3	13	1.4	5.5%	4.5%
Black tea	9.2	1.0	9.1	1.1	10.1	1.0	2.4%	0.6%
Green tea	1.2	0.2	1.7	0.2	2.8	0.4	23%	23%
Cocoa beans	0.0	0.0	0.0	0.0	0.0	0.0	n.a.	n.a.
Cocoa paste	8.2	3.6	6.8	3.4	9.1	3.5	2.6%	-0.8%
Cocoa butter	11	3.8	14	4.0	18	4.0	13%	1.3%
Cocoa powder	2.8	0.9	1.7	0.9	1.8	0.8	-11%	-3.6%

Source: Eurostat (2009)

*Developing countries

Imports of tea from developing countries increased by 6.8% annually between 2004 and 2008 and, as such, their share in imports increased as well, although slightly. Their share remains low in an EU perspective. Sri Lanka was the main developing country supplier, with a market share of 5.9%. Imports from China increased especially fast. This mostly concerned green tea.

Table 3.2 Imports by origin and leading suppliers to Finland 2004 - 2008, share in % of value, average annual growth in % of value

Product	Origin	Leading suppliers in 2008 (share in %)	Share ¹ (%)	Average annual % change
Green coffee	Intra-EU	Germany (0.3%)	0.5%	24%
	Extra-EU, ex DC*	-	n.a.	n.a.
	DC*	Brazil (40%), Colombia (21%), Nicaragua (8.1%), Kenya (7.2%), Guatemala (6.9%), Honduras (6.0%), Ethiopia (3.4%), Peru (2.5%), Costa Rica (1.0%) Vietnam (1.0%),	100%	17%
Tea	Intra-EU	United Kingdom (38%), Sweden (26%), Germany (20%), Netherlands (4.3%), Belgium (1.2%)	91%	5.9%
	Extra-EU, ex DC*	Japan (0.2%)	0.3%	-38%
	DC*	Sri Lanka (5.9%), China (1.5%), India (1.0%), Vietnam (0.6%)	9.2%	6.8%
Black tea	Intra-EU	United Kingdom (34%), Sweden (30%), Germany (22%), Netherlands (3.6%), Belgium (1.5%),	91%	2.9%
	Extra-EU, ex DC*	-	0.1%	-55%
	DC*	Sri Lanka (6.6%), India (1.2%), Vietnam (0.7%)	8.8%	2.9%
Green tea	Intra-EU	United Kingdom (53%), Germany (14%), Sweden (14%), Netherlands (6.8%),	89%	23%
	Extra-EU, ex DC*	Japan (0.8%),	0.9%	6.1%
	DC*	China (5.8%), Sri Lanka (3.4%), Turkey (0.9%), India (0.4%),	11%	26%
Cocoa beans	Intra-EU	-	-	-
	Extra-EU, ex DC*	-	-	-
	DC*	-	-	-

Product	Origin	Leading suppliers in 2008 (share in %)	Share ¹ (%)	Average annual % change
Cocoa paste	Intra-EU	Germany (70%), The Netherlands (29%), United Kingdom (1.0%), France (0.8%), Sweden (0.1%)	100%	2.6%
	Extra-EU, ex DC*	-	0%	-
	DC*	-	0%	-
Cocoa butter	Intra-EU	The Netherlands (98%), Germany (1.5%), Spain (0.1%)	100%	13%
	Extra-EU, ex DC*	-	0%	-
	DC*	-	0%	-
Cocoa powder	Intra-EU	The Netherlands (43%), Sweden (26%), Germany (20%), France (6.7%), Spain (2.4%)	100%	-11%
	Extra-EU, ex DC*	-	0%	n.a.
	DC*	Bolivia (0.1%)	0.1%	1.1%

Source: Eurostat (2009)

*Developing countries

¹ Due to rounding off, shares might not add up to exactly 100%.

Cocoa

Finland is a small importer of cocoa products and does not import any cocoa beans. Its share of EU imports ranges between 0.5% and 1.2% for the different cocoa products. In 2008, imports of cocoa paste amounted to € 9.1 million / 3.5 thousand tonnes; imports of cocoa butter totalled € 18 million / 4.0 thousand tonnes; and imports of cocoa powder amounted to € 1.8 million / 815 tonnes.

Imports of cocoa paste increased by 2.6% in value annually between 2004 and 2008. Cocoa butter showed a growth of 13%, while imports of cocoa powder decreased by 11% respectively. Imports of cocoa paste, butter and powder are solely supplied by EU countries (The Netherlands and Germany), and this remained unchanged between 2004 and 2008.

Exports

Coffee

Finland is a small exporter of coffee in the EU, exporting roasted coffee amounting to only € 28 million / 8.6 thousand tonnes in 2008. Exports increased by 16% annually in value and by 7.8% in volume between 2004 and 2008. Exports are predominately destined for Estonia and Russia.

Tea

Finnish tea exports are small, totalling € 830 thousand / 281 tonnes in 2008. Nevertheless, exports increased by 0.8% annually in value and decreased by 3.9% in volume between 2004 and 2008. In addition, re-exports of tea are playing an increasingly important role in Finland.

Cocoa

Finland exports very small amounts of cocoa powder and cocoa butter.

Opportunities and threats

- + Green coffee and cocoa butter offer relatively interesting opportunities for developing country suppliers in the Finnish market.
- +/-Tea imports are limited and are not growing quickly, although green tea imports have become relatively larger.
- Finland is not an interesting market for developing country producers of roasted coffee, or cocoa products, as imports are small and completely supplied by EU countries.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to chapter 7 of the CBI market survey covering the EU market.

Useful sources

- EU Expanding Exports Helpdesk
→ <http://exporthelp.europa.eu>
→ go to: trade statistics
- Eurostat – official statistical office of the EU
→ <http://epp.eurostat.ec.europa.eu>;
→ go to 'themes' on the left side of the home page
→ go to 'external trade'
→ go to 'data – full view'
→ go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to easy Comext
→
http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf
- International Coffee Report, World Tea Markets, Chocolate & Confectionery International -
<http://www.agra-net.com>

4. Price developments

As prices for coffee, tea and cocoa are global market prices, Finnish prices should show limited deviation from those prices. Finnish's import prices for coffee are comparatively cheap, which is surprising considering the high percentage of more expensive Arabica coffee consumed in Finland. However, Finland has substantial direct imports from DCs. This would mean closely corresponding to global market prices, which is reflected in import prices. Due to the large market and very fierce competition, retail prices of coffee in Finland are the lowest in Europe at € 5.59 per kilo.

Import prices of tea are among the highest in the EU. Tea products are sourced in other EU countries and are likely to consist of processed products. Finland imports no cocoa beans, just processed cocoa products.

The survey covering the EU provides more information on price developments. However, prices of coffee, tea and cocoa provided should be used only as a reference point, as they depend on origin and buyer preferences. Actual prices are dependent on negotiation with partner companies, and expressed as differentials of future market prices in the case of coffee, or are dependent on developments at the auction level for tea. Owing to specific preferences in the kind of products consumed, average import prices especially for tea will deviate between countries, as these products differ in price.

Useful sources

There are no country-specific sources of price information available for Finland. The websites of large retailers like *Kesko* (<http://www.kesko.fi>) can, however, provide some information on retail prices. Please, refer to Chapter 5 of the survey covering the EU for useful sources.

5 Market access requirements

As a manufacturer in a DC preparing to access Finland, you should be aware of the market access requirements of your trading partners and the Finnish 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. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select food ingredients and Finland in the category search, click on the search button and click on market access requirements.

Additional 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>. No quotas apply to coffee, tea and cocoa. However import tariffs apply to processed products. More information is available in the EU survey.

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.

Sales promotion

Common practices of trade promotion in Finland should not differ considerably from other European countries. However, please keep in mind that the trade of conventional cocoa and cocoa products, tea and coffee is extremely concentrated, because of different companies dominating the different product groups across and within national markets.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on coffee, tea and cocoa, or the (organic) food sector. Interesting *trade associations* in Finland are:

- Finnish Food and Drink Industries' Federation (ETL) - <http://www.etl.fi>
- Finnish Coffee Roasters Association - <http://www.kahvi.net> (website in Finnish only)

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'. *Trade press* of interest in Finland is:

- Maku, Food ingredients and preparation - <http://www.maku.fi> (website in Finnish only)
- Pirkka, Food innovation and Health - <http://www.pirkka.fi> (website in Finnish only)

Trade fairs offer companies in developing countries the opportunity to establish contacts, promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'. *Trade fairs* of interest in Finland are:

- FoodTec. The next event will take place in Helsinki in September, 2010 - http://www.finnexpo.fi/pactec/?code_language=en
- Gastro trade fair addresses to catering, restaurant and hotel sector professionals. Upcoming event will take place in Helsinki in March, 2010 - <http://www.finnexpo.fi>

This survey was compiled for CBI by ProFound – Advisers In Development
in collaboration with Mr. Joost Pierrot

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