



Exporting to Finland

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND
FINNPARTNERSHIP

Exporting to Finland publication

- Is part of Finland's ongoing efforts to promote trade with developing countries.
- Is a user-friendly handbook for small and large exporters from developing countries interested in exporting to Finland.
- Provides an overview of the Finnish market, business practices as well as the required standards and regulations.
- Is a useful tool for Governments and NGOs in providing information on Finland as a trading partner.

Finland as an export market

- Finland is the most northern country of the European Union.
- Population 5.3 million, capital Helsinki, currency euro.
- Official languages are Finnish & Swedish, English is widely spoken.
- GDP per capita in 2007: 33,803 euros.
- Value of exports in 2007: 65.5 billion euros.
- Value of imports in 2007: 59.5 billion.
 - of which from developing countries: 10.1 billion euros.
- Growth rate of imports from developing countries averaged 24% from 2004-2007.

Efficiently organised retail market

- The total value of the Finnish retail market is € 34 billion
- The retail market is dominated by large chains that also operate in neighbouring countries
- Big chains have strict store concepts, and most decisions are made in central organisations.
- The big retail groups buy half of the imported goods directly from foreign suppliers.
- Major players include S-Group, Kesko and Tradeka.
- There are also many import companies and agents used to working with smaller suppliers (see www.agenttiliitto.fi)

Finns are reliable partners

- The Finnish business culture is based on high ethics and standards. Finland has repeatedly been ranked as the world's least corrupt country by Transparency International (www.transparency.org)
- In business negotiations, the Finns do not favour small talk but tend to be rather remote and go very quickly to the point.
- Finns are very punctual as to agreed hours and very straightforward in handling issues.
- Finnish partners value efficient negotiations, explicit offers and terms, even quality, punctuality, compliance with law, contracts and other specified requirements.
- If the Finns find reliable suppliers, they tend to build long-lasting business relations.

Complying with legal requirements

- Finnish legislation is harmonised with EU legislation, and many requirements vary from case to case.
- Finnish partner will assist in compliance with the requirements.
- The essential regulations include:
 - **Product Safety** > Aim is to safeguard consumers' health. Product safety shall always be controlled before a product enters the market.
 - **Product liability** > If a consumer can prove that a defective product has caused injury or damage, s/he can claim financial compensation

Complying with legal requirements

- The essential regulations (continued)
 - **Food safety** > Aims to ensure a high level of protection of human life and health with due regard for animal health and welfare, plant health and the environment
 - **Packaging and labeling** > Aims to ensure that the quality and hygiene of the product lasts until it reaches the consumer and to provide consumers with relevant information about the product
 - **Demonstration of compliance** > Importers have to document compliance with legal requirements (for higher risk products this includes laboratory test reports, inspection reports)

Developing countries benefit from preferential trade arrangements with the EU

- **Generalized System of Preferences (GSP)** grants tariff reduction to developing countries; **GSP+** scheme for countries that meet sustainable development and good governance criteria
- **Everything But Arms (EBA)** provides duty free access to products from LDCs with few exceptions for agricultural products
- **Economic Partnership Agreements (EPA)** are negotiated with ACP countries (Africa, Caribbean, Pacific)
- **Free Trade Agreements** have been negotiated for several countries and regions
- **Rules of Origin** are an important part of trade agreements, the exporter has to provide necessary documentation

Private sector standards and codes

- Companies are scrutinized by different stakeholders and they need to safeguard their reputation.
- Corporate responsibility includes economic, environmental and social responsibility, working conditions being an important part of corporate responsibility.
- Many buyers use voluntary standards and codes as part of their basic requirements for suppliers.
- Key standards include ISO 9000 standard for quality management, ISO 14000 for environmental management, Hazard Analysis and Critical Control Point (HACCP) for food safety.

From export price to retail prices

Before a product is on sale in a Finnish retail store, plenty of practical measures have been taken, most of which also have an influence on the final price.

A pricing example

Supplier's export price (FOB)	100,00
+ freight, insurance etc.	15,00
CIF price at the Finnish border	115,00
+ duty (normally 5-14%)	15,00
Landed cost	130,00
Retail group's margin (own importing)	
+ margin 40% of retail price	86,67
Retail price (excl. VAT)	216,67
+ VAT 22%	47,67
Selling price to consumer	264,34

Further information

- Ministry of Foreign Affairs
(<http://formin.finland.fi/tradepolicy/importpolicy>)
- Finnpartnership (www.finnpartnership.fi)
- Finpro (www.finpro.fi)
- Association for Promotion of Fairtrade in Finland (www.reilukauppa.fi)
- Confederation of Finnish Industries EK (www.ek.fi/www/en)
- Federation of Finnish Commerce (www.suomenkauppa.fi/www/en)
- National Board of Customs (www.tulli.fi)
- EU Export Helpdesk (<http://export-help.cec.eu.int/>)
- Centre for Promotion of Imports from Developing Countries
(www.cbi.eu)

