

# CBI Product Factsheet: Spices & herbs in Finland

## 'Practical market insights on your product'

Finland has a relatively small market for spices and herbs with pepper, capsicums, cardamom, ginger and cinnamon as the most popular spices. EU suppliers are the dominant suppliers of Finland in certain markets. The share of direct imports from developing countries is however growing. As in the rest of Europe, Finland provides good opportunities for high quality products that adhere to strict food safety requirements. Sustainable spices and herbs are becoming more popular in Finland.

### Product

Product specifications																																												
Form of sale	<p>Although spices and herbs exported from developing countries (DCs) are often exported in unprocessed whole form, in recent years crushed or ground spices and herbs are increasingly finding their way to the Finnish market. This is a result of processing more and more being done at the source. Heat treatment (e.g. steam sterilisation) is also increasingly being done at source and can be expected by buyers.</p> <p>The <a href="#">Quality Minima Document</a> of the European Spice Association (ESA) defines the chemical and physical parameters (i.e. ash, acid insoluble ash, moisture, volatile oil) that spices and herbs sold by the member of the ESA have to adhere by. Members affiliated with the Finnish Spice Association will therefore follow these parameters. The table below lists parameters of several spices that are commonly imported into Finland.</p> <table border="1"> <thead> <tr> <th></th> <th>Ash (max.)</th> <th>Acid insol. ash (max.)</th> <th>Moisture (max.)</th> <th>Volatile oil (min.)</th> </tr> </thead> <tbody> <tr> <td>Pepper, black</td> <td>7.0%</td> <td>1.5%</td> <td>12%</td> <td>2.0%</td> </tr> <tr> <td>Pepper, white</td> <td>3.5%</td> <td>0.3%</td> <td>12%</td> <td>1.5%</td> </tr> <tr> <td>Chillies</td> <td>10%</td> <td>1.6%</td> <td>11%</td> <td>-</td> </tr> <tr> <td>Paprika powder</td> <td>10%</td> <td>2.0%</td> <td>11%</td> <td>-</td> </tr> <tr> <td>Cardamom</td> <td>9.0%</td> <td>2.5%</td> <td>12%</td> <td>4.0%</td> </tr> <tr> <td>Ginger</td> <td>8.0%</td> <td>2.0%</td> <td>12%</td> <td>1.5%</td> </tr> <tr> <td>Cinnamon</td> <td>7.0%</td> <td>2.0%</td> <td>14%</td> <td>0.7-1.0%</td> </tr> </tbody> </table> <p>Spices and herbs are graded based on a large variety of variables including colour, smell, taste, size, uniformity and percentage of foreign matter. Grading happens in accordance with the relevant national standard of the country of production. In addition, the International Standard Organisation (ISO) has developed <a href="#">specific standards</a> for spices and herbs that give clear guidelines for amongst others grading and quality. The standards are not free and will have to be purchased.</p> <p><i>It is important to realize that quality demands can differ per segment and even per buyer. Therefore asking buyers for their specific quality requirements is important.</i></p>					Ash (max.)	Acid insol. ash (max.)	Moisture (max.)	Volatile oil (min.)	Pepper, black	7.0%	1.5%	12%	2.0%	Pepper, white	3.5%	0.3%	12%	1.5%	Chillies	10%	1.6%	11%	-	Paprika powder	10%	2.0%	11%	-	Cardamom	9.0%	2.5%	12%	4.0%	Ginger	8.0%	2.0%	12%	1.5%	Cinnamon	7.0%	2.0%	14%	0.7-1.0%
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<b>Legal requirements</b>		
<p>Finland follows EU legislation regarding dried spices and herbs. The <a href="#">Quality Minima Document</a> of the ESA is used by a large share of buyers in Finland. The document describes the quality minima for dried herbs and spices. The requirements are based on EU legal requirements, including the General Food Law, food labelling, organic production, contaminants, ionising radiation, irradiation and maximum residue levels (MRLs) of pesticides.</p> <p><i>Many of the legal requirements address food safety issues that must be (also) addressed on farm level. It is crucial to stress the importance of these issues to farmers. If necessary provide training (e.g. on good agricultural practices) and invest in better processing and storing practices.</i></p>		
Topic	Brief description	More information
General food law	Food safety is a key issue in EU food legislation. The General Food Law is the framework regulation in EU food safety legislation. The legislation also introduces requirements on traceability.	<a href="#">EU legislation: General food law</a>
Contaminants in food	The EU food safety policy has set maximum levels for certain contaminants in specified products or product groups. Apart from microbiological contamination, contamination by foreign material (e.g. sand, glass, metal) is important to watch. This can be easily prevented by better drying and processing practices.	<a href="#">EU legislation: Contaminants in food</a> <a href="#">Good Agricultural Practices for spices by the International Organization of Spice Trade Associations</a> <a href="#">Good Manufacturing Practices for spices by the International Pepper Community</a>
Maximum Residue Levels (MRLs) of pesticides in food	EU legislation has been laid down to regulate the presence of pesticide residues (MRLs) amongst others in food products including spice and herbs. Pesticide use is an important issue in Finland. A recent <a href="#">study</a> by the European Food Safety Authority has shown that food produced in Finland is the cleanest in Europe regarding pesticide residues. <i>Because this issue is important in Finland looking for alternatives should be considered: the use of non-chemical methods and implementing Integrated Pest Management (IPM) and/or organic production.</i>	<a href="#">EU legislation: Maximum Residue Levels (MRLs) of pesticides in food</a> <a href="#">Integrated Pest Management by the Indian Spices Board</a>
Microbiological contamination of food	The EU has set microbiological criteria for food borne micro-organisms, their toxins and metabolites. The level of aflatoxins is of particular importance as they are known to be genotoxic and carcinogenic. The EU legislation covers, pepper, nutmeg, ginger, curcuma. For other spices and herbs Finnish <a href="#">Regulation 237/2002</a> is applicable and sets maximum aflatoxin levels at 0.01 mg/kg. Legislation for another carcinogenic, ochratoxin A (OTA), has recently been implemented. Complying with this new legislation will be hard for suppliers of capsicums. The level of OTA is hard to control as it has a lot to do with climatic conditions. Good drying is essential to reduce the risk of the development of OTA. The EU industry is still lobbying to keep levels at 30 µg/kg. Therefore there is a chance the legislation will not be implemented but this is not sure at all. <i>It is advisable to train suppliers in Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP) to help them</i>	<a href="#">EU legislation: Microbiological contamination of food</a> <a href="#">EU website on ochratoxin A</a> <a href="#">Finnish Regulation: 237/2002</a> <a href="#">Good Agricultural Practices for spices by the International Organization of Spice Trade Associations</a> <a href="#">Good Manufacturing Practices for spices by the International Pepper Community</a>

	<i>reduce the level of OTA. In addition, it can be essential to keep updated on the latest developments concerning EU legislation.</i>	
Hygiene of foodstuffs (HACCP)	The EU legislation on hygiene of foodstuffs (HACCP) is legally binding for food processors in the EU. Although as an exporter from outside the EU you are not directly bound by this legislation, Finnish companies will ask their suppliers to comply with the requirements set out in the HACCP legislation. Finnish buyers will therefore often ask you to implement a food safety management system (see under <i>Non-legislative requirements</i> ) to prove that they comply with the HACCP-requirements.	<a href="#">EU legislation: Hygiene of foodstuffs (HACCP)</a>
Irradiation of food	Irradiation of spices & aromatic herbs is allowed. It is a safe method to kill organisms and is considered less damaging for the taste of spices than steam sterilisation. Consumers however generally prefer non-irradiated products. Therefore this method is not widely used. <i>In case spices and herbs are irradiated buyers will have to be notified. Irradiated products will have to be labelled as such.</i>	<a href="#">Irradiation of food</a>
Food control	All food products entering the EU are subject to official controls to check whether they are in compliance with the relevant food legislation.	<a href="#">EU legislation: Food control</a>
Consumer food labelling	Consumer packed spices & herbs will have to adhere to strict EU labelling requirements. If nutrition or health claims are made these have to be approved in advance by the European Food Safety Agency (EFSA).	<a href="#">EU legislation: Food labelling</a>
Food contact materials	The European Union has laid down rules for materials and articles coming into contact with food (including for example packaging) in order to prevent any unacceptable change in the composition of the foodstuffs and to protect human health.	<a href="#">EU legislation: Food contact materials</a> <a href="#">Practical Guide of the European Commission on the food contact materials</a>
Organic production and labelling (voluntary)	The EU has established requirements on the production and labelling requirements with which an organic product of agricultural origin must comply, in order to be marketed in the EU as "organic".	<a href="#">EU legislation: Organic production and labelling</a>

### Non-legal requirements

In Finland the three largest retail groups (i.e. S-Group, K-Group, Lähikauppa) supply over 80%. These groups often go beyond legal requirements on food safety, quality and environmental issues. Most of Finnish importers of spices and herbs buyers will supply these retailers directly or indirectly and will therefore forward those stricter requirements on to their suppliers. *Refer to the requirements of buyers further down the supply chain to understand what they expect from their suppliers in terms of quality, food safety and sustainability. Find an overview below:*

#### Food safety:

A large share of buyers in Finland has implemented a food safety management system and will ask their suppliers to do the same. These systems often go beyond legal requirements. Listed below are two systems that are important in Finland.

*For additional information on food safety systems refer to CBI' document [Food Safety Management Systems](#).*

#### Food safety

	<b>ISO22000</b> is international standard specifies the requirements for a food safety management system that involves the interactive communication, system management, prerequisite programs and the HACCP principles.	<a href="#">International Standard Organisation</a>
	The <b>IFS Food</b> is standard for auditing food safety and quality of processes and products of food manufacturers. It concerns food processing companies or companies that pack loose food products.	<a href="#">International Food Standard</a>

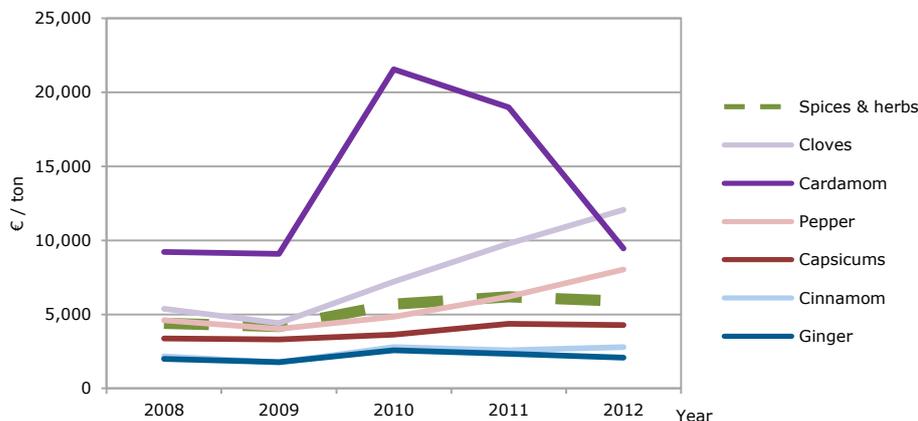
<b>Quality</b>		
	Being ISO 9001-certified can be a good way to convince buyers quality issues are addressed. Not all buyers will care about ISO 9001-certification as long as the minimum quality requirements of the ESA are followed.	<a href="#">International Standard Organisation</a>
<b>Sustainability</b> Sustainability covers environmental, economic and social aspects, including health and safety issues. Now, more than ever, consumers want to know where their food comes from. They want to know that it is being produced in a responsible way that does not harm the environment nor exploit the workforce. Several large retailers active in Finland such as <a href="#">S-Group</a> and <a href="#">K-Group</a> are increasingly integrating sustainable practices. Importers of spices and herbs are also moving toward more sustainable business. For example, importer and brand owner <a href="#">Santa Maria</a> has developed an ethical supplier code based on <a href="#">SA8000</a> certification for decent workplaces. Another large market player <a href="#">Meira</a> focuses strongly on environmental performance internally as well as throughout the supply chain. <i>Research what Finnish market players expect from their suppliers in terms of sustainability.</i>		
<b>Sustainable certification</b>   	Sustainability is a big issue in Finland. It covers environmental, economic and social aspects, including health and safety issues. The main focus of Finnish consumers is organic production. Finnish retail sales of organic products have grown fast in recent years. In 2011, sales increased between 20-50% ( <a href="#">Organicmarketinfo</a> ). Fair Trade is also becoming increasingly popular. Although not (yet) active in the Finnish market, Rainforest Alliance has recently established several standards specifically for spices (e.g. pepper) and will develop several more (e.g. cinnamon, cloves). <i>Buyers of sustainable spices will also expect high quality. Therefore, only consider entering the sustainable market when you are able to deliver high quality.</i>	<a href="#">Sustainability labels and standards in spices and Herbs</a>

## Price

As spices and herbs have a world market price import prices do not differ between European countries. The average price increase of spices and herbs was 7.5% per year between 2008 and 2012. The price of cloves (+22% per year) and pepper (+15%) increased above average. Price fluctuations are also common in the spice and herb trade. In 2012, the average price dropped by 5% per year after several years of rising prices. The price of cardamom dropped even more (-50%) following a large price rise in 2010 and 2011 as a result of bad harvests.

The reasons for price increases include growing demand from emerging nations (e.g. China, India), less availability of arable land and increasing wages in source and processing countries. The most important reasons for large fluctuations are the quality of harvests and availability worldwide and the increased speculation in the global spice and herb market. The volatile weather of recent years has heavily influenced the spice market.

**Figure 1: Price development of spices and herbs imported into Finland, 2008-2012, in € per ton**



Source: Eurostat, 2013

Although speculation is not new to the spice market, industry experts are reporting more speculation in the market place. One of the reasons is that suppliers in country of origin have more insight into their target markets and know real-time prices which are published online. This means they often will hold on to their products until price levels are considered good. In addition, *speculators* are also increasingly active in the spice and herb market encouraged by high prices and poor returns on the financial markets, leading to the purchase of large quantities with the intent of pushing up the price.

Whether a market is prone to speculation is dependent amongst others on the level of scarcity, number of suppliers and their level of organisations. Speculation is common in the nutmeg, vanilla, cardamom and clove markets. In other markets (e.g. cinnamon) this is less the case as supply and prices are more stable.

Despite rising prices the Finnish demand for most spices and herbs has continued to grow. The demand of many spices is inelastic (i.e. the demand is not affected by higher prices). The main reason is that spices and herbs are usually only a minor ingredient in a final food product and they contribute little to the total cost of this.

*As an exporter it is important to keep updated on prices. The [Spices Board India](#) publishes weekly and monthly price of spice and herbs (Indian as well as international prices) for free. Another good source of information is the website of [Spice Market News. Public Ledger](#) publishes monthly price analyses of various spices but this is a paid service.*

*Price developments and competitive position can be foreseen to a certain extent. Look for crop reports online or visit events where these will be shared by sector exports. The [crop reports](#) published by McCormick can be valuable.*

*In the market of sustainable spice and herbs it might be possible to fetch a premium for certified products. This premium will also have to be paid to suppliers of certified products. The [pricing list](#) gives an indication of the prices that need to be paid to pay farmers for Fair Trade or Fair Trade/Organic spices and herbs.*

**Figure 2: Price breakdown for spices and herbs**



## Promotion

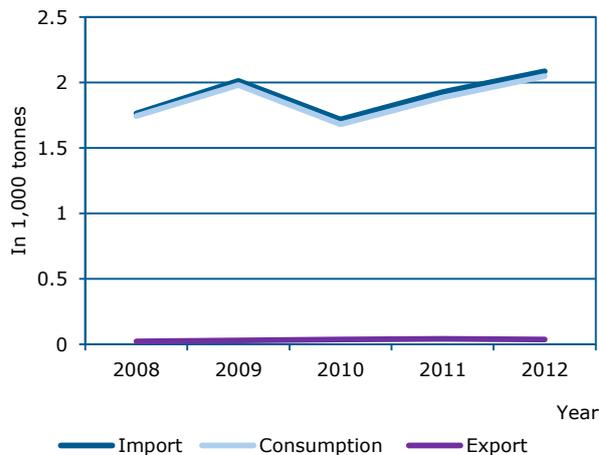
- **Adapt to the Finnish business culture:** Finns consider punctuality as absolutely essential. Therefore, be consistent, punctual, reliable and honest. That means reply in time to enquiries by possible buyers (within 48 hours) and be open and realistic and do not make promises that you will not be able to fulfill.
- **Invest in communication:** Modern (free of cost) methods of communication to stay in touch with their buyers like LinkedIn, Skype and Facebook are widely known and accepted as promotional tools. Finnish buyers will however greatly appreciate if you have invested in additional professional communication, such as a good website, company brochure, product specifications and business cards.
- **Trade Fairs.** The best way to get in touch with Finnish buyers is to visit trade fairs. However, there are no specific Finnish trade fairs for spices in Finland. Therefore visit more general fairs such as [Myymälä](#), a major trade event in event in Finland, dedicated to the retail sector. An alternative is to visit trade fairs in neighbouring countries (e.g. other Scandinavian countries, Russia) or trade fairs in important consuming countries such as [Anuga](#) (largest German food fair), [BioFach](#) (largest organic food fair), [Food Ingredients Europe](#) (German trade fair) and [SIAL](#) (largest French food fair).

- **Targeting buyers:** buyers of spices and herbs in Finland are generally non-specialized importers with a broad assortment of spice and herbs. Use the following company databases to find buyers: [Finnish Food and Drink Industries' Federation](#), [The Food World](#), [Europages](#) and [Organic Bio](#).
- **Niche markets:** Finland provides good opportunities for the premium market (e.g. organic, fair trade). For suppliers and buyers of organic spice and herbs in Finland, the EU or other regions throughout the world go to the website of [ITC](#) and [Organic Bio](#). Fair Trade-certified products are also becoming more popular. Refer to the [producer database](#) of Fair Trade to find certified suppliers.

## Place: Trade statistics

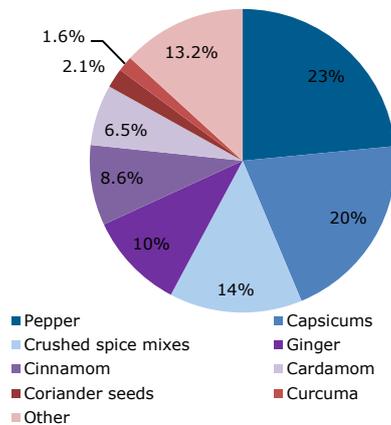
Please note that in this section different definitions of imports are used. The term *total imports* is used when all imports are included including intra-EU trade. As intra-EU trade is common there is a large difference between total imports and *extra-EU imports*. This concerns only the imports from outside the EU and consists of imports from 'developing countries' and 'the rest of the world'. Almost all unprocessed spices and herbs traded that are included in this survey are only grown in developing countries. Therefore, this will be separately named *direct imports from developing countries*. In addition, please be advised that the statistical analysis will mainly concern spices. Besides thyme and bay leaves herbs are not included in the statistical data as they are not separately categorized under the Harmonized System (HS) codes used for the extraction of statistics.

**Figure 3: Development of the spice and herb market in Finland, 2008-2012, in 1,000 tonnes**



Source: Eurostat, 2013

**Figure 4: Spices and herbs imported into Finland, in % of imported volume**

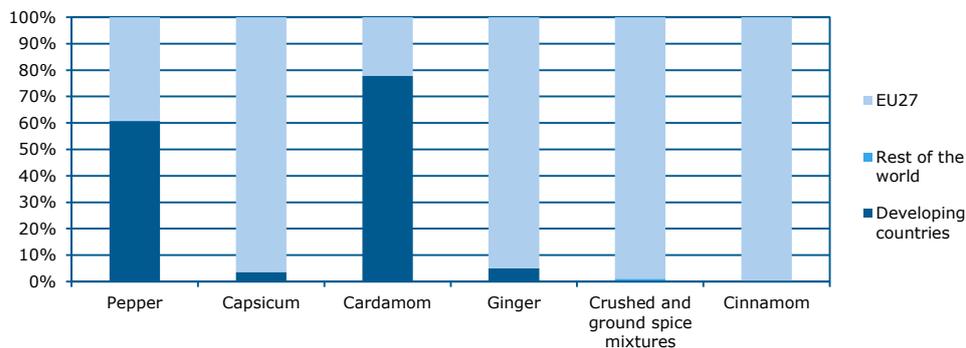


Source: Eurostat, 2013

- Finland grows several aromatic plants including caraway, parsley, basil, mint, thyme and dill. Finland is actually a large global producer of caraway. Most other dried spices and herbs than mentioned are imported.
- In 2012, total Finnish imports of spice and herbs amounted to 2 thousand tonnes with a value of € 12 million. Finland accounts for 0.4% of EU total imports making it the 23<sup>rd</sup> largest importer in the EU.
- The volume of total imports grew by an average of 4.2% per year between 2008 and 2012. The value of total imports however increased by 12% per year. The difference can be explained by a large increase in prices.
- Figure 3 shows that imports and consumption dropped in 2010. Apart from this drop the market for spices and herbs does not seem to have been heavily affected by the economic crisis. The demand for spices and herbs is considered recession resistant to a certain extent. This is true for many spices and herbs as they are usually only a minor ingredient and contribute little to the total cost of food they are used in. The economic crisis and increased focus on price by consumers can lead to less expenditure on food. This is compensated by a larger demand for cheaper and/or convenience food products that are often heavily seasoned.

- A closer analysis shows that the imports of popular products in Finland (e.g. pepper, capsicums, cardamom, cinnamon, ginger) have increased between 2008 and 2012. Less popular spices and herbs (e.g. nutmeg, mace) however decreased significantly in the same period. Therefore, the above statements apply mainly to the spice and herbs that are popular in Finland.
- In 2012, Finland imported 455 tonnes (22% of total Finnish imports) directly from developing countries (DCs) with a value of € 2.9 million (23%). This is low compared to the EU average (59%). Direct imports from DCs did increase by 15% per year between 2008 and 2012. The value increased by 28%. As growth was faster than total imports the share of direct imports from DCs has increased in recent years. The most important supplying DCs are Vietnam (12% of total imports), Guatemala (5%), India (2%) and Mexico (0.5%).

**Figure 5: Main sources of most important spices and herbs imported into Finland, 2012, in % of volume**



Source: Eurostat, 2013

- As Figure 5 shows it depends strongly on the product whether opportunities exist for exporters from DCs to enter the Finnish market:
  - In the pepper and cardamom markets direct imports from DCs are already considerable. In addition, the market share of DCs has grown significantly in between 2008 and 2012 at the expense of EU suppliers; in 2012 the share of direct imports from DCs for pepper was 60% (31% in 2008) and for cardamom 21% (10% in 2008).
  - In contrast, EU suppliers are dominant in the cinnamon (Germany and the Netherlands) and capsicum markets (Spain) and these do not show any signs of opening up. In these cases it might be better to supply EU countries that supply Finland.
- There are a number of important processors active in Finland including [Meira](#) and [Maustepalvelu](#). They take care of processing, blending and packing. Finland however still imports a large amount of crushed or ground spices and herbs (43% of total imports). A general trend in the spice and herb market is that suppliers in source countries are increasingly processing products. DCs still only have a market share of 17% in this market. Pepper accounts for the largest part (83% of imports) of crushed or ground products from DCs. Ginger (6.8%) and cloves (2.3%) are also relatively large import products. So far only Vietnam (pepper - 51% market share, cloves - 61%, and ginger - 14%) and China (ginger- 21%) are the only two countries that have a significant market share in the market for crushed or ground spices and herbs.
- Another value added market that has been growing fast (+18% per year between 2008 and 2012) is that of crushed or ground spice mixes. In 2012, it accounted 14% of Finnish imports. However, as Figure 5 shows this market is completely in the hands of EU processors, mainly Sweden (43% of imported volume), Austria (19%) and the United Kingdom (12%). In recent years, some Asian countries (e.g. India, Pakistan, and Bangladesh) supplied small amounts of mixed spices to Finland however they have not been able to maintain their position on the Finnish market. This market therefore seems a bridge to far at the moment. This is not only true on the Finnish market but also for other EU market. The reason is that knowledge of national taste, close ties to consumers (e.g. service, just-in-time delivery) and heavy competition by local specialized EU blenders make it a hard market to enter.
- In 2012, Finland re-exported only 37 tonnes of spices and herbs (1.7% of total imported volume). This means Finland imports mainly for the domestic market.

- In conclusion, Finland is a relatively small market that is well served by European countries. Nevertheless, the Finnish market has developed well in recent years. The expectation is that this positive trend will continue. Moreover, the share of direct imports from developing countries has increased significantly showing that opportunities are opening up in the Finnish market. In addition, it is important to realise that there are however many similarities between Northern EU countries (e.g. Sweden, Denmark and Norway) with regard to culture, language, consumer behaviour and product preferences. It is therefore possible to focus on the Northern European region as a whole rather than one country in particular. There are also strong relations between Finland and the Baltic States (Estonia, Latvia, Lithuania) as well as Russia. This makes Finland an interesting country to explore.

### Useful sources

- Finnish Spice Association - [http://www.etl.fi/www/en/branch\\_associations/spice\\_association.php](http://www.etl.fi/www/en/branch_associations/spice_association.php)
- A list of spice and herbs used in Finland - [http://www.dlc.fi/~marianna/gourmet/multi\\_sp.htm](http://www.dlc.fi/~marianna/gourmet/multi_sp.htm)
- EU Organic Farming - <http://ec.europa.eu/agriculture/organic>
- Fairtrade Labelling Organisations International (FLO) - <http://www.fairtrade.net>
- Information on packaging can be found at the website of ITC on export packaging - <http://www.intracen.org/itc/exporters/packaging>

This survey was compiled for CBI by CREM B.V.

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