Importing Coconut Oil from Vietnam to Finland

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2016 Laurea
Laurea University of Applied Sciences

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Degree Programme in Tourism
Bachelor’s Thesis
October, 2016
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Year 2016  Pages 3

The main goal of this Bachelor’s thesis is to clarify the coconut oil production chain and importing process for it into Finland and some others EU countries. The benefits of coconut oil products for food industry are included, which is popular in Finland because of its healthy advantages. Moreover, the benefit of using coconut oil as beauty products is mentioned as one good point which is now trendy in Asia but not yet popular in Europe.

In this thesis, the knowledge and information is gathered to provide a different perspective of coconut oil. There are sectors which could be seen as main requirements for importers. It is included the production chain and quality control specifically for food products, also the importing process with labels and legislation of EU standard. The export and import activities in Vietnam and Finland are explained in the thesis so the readers can have a clearer insight about the markets and the trade opportunities between these two countries. This thesis also clarifies and analyzes the economic, educational, ecological, ethical and aesthetic perspectives when importing coconut oil to Finland. Last but not least it discusses the opinions and views from the experts who have knowledge and experience of coconut oil from Vietnam and Finland as well as of the product’s both advantages and disadvantages.

Qualitative research methods are used for this thesis by interviewing experts and concluding the data in a SWOT analysis. This thesis can provide a company or exporter in Vietnam with useful information to see the potential of their products out of the home country, and also can support the entrepreneurs in Finland in particular and others EU partners in general to find advantages of importing these products into their markets.

Keywords: Coconut oil, Import, Export, Legislation
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1 Introduction

In this section, the basic of coconut product in the world and in Vietnam is introduced. Also the demand of coconut oil from a foreign market in terms of importing activities is explained. It also covers the aim of the thesis as well as theoretical approach and research methods.

1.1 Aim of the Thesis

The aim of this Bachelor’s thesis is mostly to describe the long process of coconut oil from coconut tree in forest to a product, to understand about the organic trend and building a future for coconut oil in Europe countries, especially in Finland. This can bring a new product, trend and even new thinking to European people and hopefully it can become a strong growth trend in Finland and elsewhere in Europe. This plan will face many challenges and difficulties which mostly come from the legislation of European with a product from non EU-countries and the testing of chemicals.

Nowadays organic products are very popular and widely used all over the world. People produce a great deal of products which made from coconut, rose, pomelo, aloe vera to serve for not only cooking purpose but also for cosmetics, so organic cosmetics are considered as the “green revolution” for the work of making beauty. They can say that until today organic cosmetics is the best of the natural cosmetics. The powerful development of organic cosmetics is described by the phrase "the greening revolution of making beauty”. (Baomoi, 2015)

It is acknowledged that there are tons of chemicals are used in traditional cosmetics skin care and the fact that they can lead to the potentially hazardous consequences in the future. Organic products reach the other way, only using 100% natural ingredients, no harmful chemicals, so consumers can feel secure about the safety and use of them for their own health. The use of cosmetics from organic matter will help users avoid the negative effects of chemicals such as preservatives, colourings, which are used very popular in beauty products today. Moreover, during the producing organic products they do not have animal testing so that is the reason why more and more consumers choose to use organic products instead of traditional beauty products. (Cocobentre, 2015)

In this Bachelor’s thesis, coconut oil is an organic concentrated product which is used in cooking and making beauty products. Virgin coconut oil is one of the products with the highest quality and rich nutritional value of coconut. Indeed, from time immemorial, women have been known to use coconut oil for hair care, skin care alternative to cosmetic products which are scarce and expensive at that time. But coconut oil is produced mostly in Asian countries where the climate is suitable for the growth of coconut trees - the only material to make coconut oil, so not much people from Europe countries knowing about coconut oil and its uses.
That is why the author who is studying in Finland wants to import coconut oil from her home country to Western countries and proudly introduce it to people here.

1.2 Research Methods and Theoretical Approach

To support the aim of thesis, qualitative research methods will be chosen accordingly. Qualitative research method is one of two common used research methods in academic world and it is along with quantitative research method dominating how the researchers to convey and to achieve key findings from their research fields (Saunders, Lewis & Thronhill, 2009). The qualitative method is applied to explore research issues in detail and then, research findings from the qualitative methods are very valid to apply in practice (Bazeley, 2013). There are qualitative research methods that researchers can use to gain research objectives such as interviews, systematic observation, letters, action search or role-playing methods. In this thesis, the in-depth interview is chosen. They are characterized by the interview length from 30 minutes to several hours, the greater depth compared with a typical questionnaire-based interview, and informal and fluid structure. They are used in the cases like the number of interviewees and subjects is quietly small, the collected information is expected to vary substantially, or the research topic is investigated as a preliminary stage in planning a greater quantitative research (King and Horrocks, 2010).

In this study, qualitative research method is chosen with the theme interview is established. The theme interview focuses on the questions about knowledge, personal experiences and the satisfaction with coconut oil. It is also included the personal thinking about the development potential of imported coconut oil into Finland, and kind of Strengths, Weaknesses, Opportunities and Threads. The interview is conducted with a teacher in Degree Programme in Beauty and Cosmetics in Laurea Tikkurila campus, and seven experts live in Vietnam that have the rich knowledge and experience with coconut oil.

The theoretical framework of this study includes the theories about the export activities in Vietnam and importing goods in Finland, the legislations, the interviews and the analysis overview. The export and import activities will show the readers the data on exports of coconut oil in Vietnam and the export market share of Vietnam to Finland. The interviews will help to know about the views of customers about the products and the satisfaction with who have been used. Finally the analysis overview will propose the perspective on some issues related to ethical, ecological, economic, educational and aesthetic during the production and import, export products.
2 Coconut Product Introduction

In this section, the different aspects of the coconut are explored. It includes the production process, from forest to a product, the ecologists of the product as well as customer safety during the uses of coconut-based oil accordingly.

2.1 From Forest to a Product

Coconut product is grown up from coconut palm which is belonged to farming family in tropical areas and this kind of tree takes the nutrition and sources of growing directly from a lot of sunlight and high humidity. The tree also requires regular rainfall and sandy soil in order to generate tasteful coconut. According to Mannekote and Kailas (2013), coconut palm is very popular in South of Asia such as Vietnam, Thailand, Indonesia, Sri Lanka, Philippines, India, and Malaysia. It is noted that the cultivation of coconut is populated in the area near to the sea and coconut palm is being grown up in coastal belt and areas closed to the equator. The report from Smith (2009) reveals the potential development of coconut and related products with more than 55 million of coconuts are harvested on total cultivation area of more than 12 million of hectares that brings total value of about US$6 billion per year. Particularly in Vietnam, coconut farming activities are concentrated in the Mekong delta, Vietnam, accounting for 84% of the total production of the country. Only in Ben Tre province which located in the South accounted for the highest crop production and produce 30% of the national harvest coconut. “Infrastructure and the export business environment in the Mekong Delta have continued to improve in recent years in support of the industry” (NL Agency 2012, 18).

In term of coconut products, it is reported that coconut oil, fresh nuts and desiccated are main products. In 2006, the shares of volumes of 3 products are 55%, 37%, and 5% respectively (Smith, 2009). After 10 years, the shares of volumes of these products are fluctuated with high dependence on the production volume in primary market such as Brazil, Mexico, India, Sri Lanka, and Vietnam (Domingo, 2016). It is noted that total exporting value of coconut-based products are decreased more than 11%, US$1.63 billion in 2015 down from US$1.83 billion in 2014 and total shipment volume is also down more than 4% (Domingo, 2016). Aside to recent development of global coconut market, the study takes into account the advantage of coconut in term of extracting oil which is being use for multiple purposes of life. The report from Smith (2009) shows that coconut oil consumes the largest shares of volume among other types of coconut-based products. Coconut oil also has highest shares in term of exporting and importing activities. The demand for coconut oil is fueled by the demand for organic products. Today, organic product is being used intensively in the globe, especially in beauty industry. According to Mittaine and Mielke (2012), coconut oil is important part among more than 17 types of commonly-used organic oil products such as palm oil, soya oil and also sunflower oil.
After understanding the overview of coconut product, it is required to take part into the production chain of coconut oil. Coconut oil production is the extraction of oil content in the dry coconuts. The part of this oil is located in the brown portion and white flesh in coconut, but concentrated mainly on white flesh. Dried coconut aged 11-12 months old is the coconut that contains the highest levels of oil during the life of a coconut. From these brown copra and white flesh, the manufacturer make oil extracted in various ways such as cooking oil filter; filter coconut milk to extract coconut oil; layered filtering method used to extract the oil; or using centrifuge technology to extract oil. However, the processing by traditional cooking from coconut milk, press from desiccated coconut, or through refining processes, reducing color, deodorant are the methods that can change the nature of coconut oil. High temperatures make coconut oil lost all Vitamin E, and at the same time, steam, sugar and adhesives (resin, latex) which are available in coconut dissolve into coconut oil, and make the coconut oil manufactured according to these methods is not pure and perfect. (Coco-secret, 2015)

After researching all the coconut oil production technology at the present time, there is a result that a coconut oil extraction by cold centrifuge technology is the most optimal method. And this is almost the most popular method to produce virgin coconut oil nowadays. (Figure 1).

![Figure 1. Virgin Coconut Oil Production Process (Livingtreecommunity 2009)]
Raw coconut is selected at age 11-12 months to ensure quality of oil in coconut have the highest quality. Then, the supplier will trim away the brown copra outside to get the ingredient is raw white flesh which is fresh 100%. (Figure 2)

![Figure 2. Brown copra and white flesh of coconut (Phunutoday, 2016)](image)

This flesh is processed at the place of supply of raw materials to clean the dirt and then be taken to the factory for 4-6 hours. After the material was taken to the factory, coconut oil production process will start from the coconut flesh will be put into the blender system to puree the coconut automatically, then put into cold drying equipment to vent the moisture and will be put in the press machine in order to get fresh coconut milk. This part of this fresh milk will be passed through the first centrifuge machine to split the water and extract the flesh. This flesh will not have any water, just only the oil and other impurities left. Then, the part will go through centrifuge machine for second and third time to remove all impurities and extract the purest coconut oil. The principle of this operation is to use a spin of the machine at high speed ranging from 14,000 to 18,000 rounds in a minute to dislodge the links contained in the coconut milk mixture. At this stage of production, the manufacturers absolutely do not use high temperatures to extract the oil but just only based on the principle of operation of the machines to separate the oil. Therefore, all key components and good nutrients in coconut are kept intact with pure and fresh scented. (Figure 3 & 4)
Figure 3. Virgin coconut oil in package (Mekongcoco2014)

Figure 4. Virgin coconut oil with transparent color (Mekongcoco 2014)
Looking into the upside, this is a very effective method to produce coconut oil. Coconut is treated with the lowest temperatures than all the existing methods, so the scents and essences are completely preserved. This separation process does not use chemicals, high temperatures, no additives, no rust color - smell, no preservatives, remove all water, sugar and latex to make the virgin coconut oil. Virgin coconut oil has transparent and bright color, faintly aromatic characteristics of coconut, natural vitamin E, rich in medium-chain fatty acids C8 - C12, in which lauric acid has a high proportion of 50%, no trans-fat. Coconut oil is not oxidized and hydrolyzed as free fatty acid content is very low and peroxide value (degree of oil rancidity) hardly. Moreover, using this kind of method to make virgin coconut oil can be produced in large quantities; the process can be used in any environment and therefore direct benefit to farmers and local communities. (Mekongcoco, 2014)

2.2 Quality Certifications

To produce coconut-related products, it is required that the manufacturers have to meet several quality certifications which are related to their production chain. One of the key certification is ISO and HACCP. Some international coconut manufacturers like Franklin Baker which is located in Philippines have to obtain ISO9001 as well as HACCP quality management system. ISO9001 is implemented by International Organization for Standardization with the objective of giving requirement to various scale companies in term of producing quality products and it is now being used in more than 170 countries in the globe and total certificated companies are more than 1 million. The heart of ISO9001 is the checklist with coverage of customer focus, the motivation and plication of top management, the process approach and continual improvement. HACCP, however, is provided by BSI and it takes into account hazard analysis during production chain. On the other hand, HACCP refers to food safety management system since coconut oil is extracted from a tree’s nut and it is processed by a lot of chemical so that the control on chemical hazard to prevent harmfulness to end-users are critical requirement before the product is certificated for selling in the market. According to BSI (2016), food and organic product manufacturers should establish HACCP to control the potential hazards and it is setup in line with Codex Alimentarius Commission (CAC) which is provided by World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO). (BSIGroup, 2016)

2.3 Customer Safety

Coconut oil has traditionally been used for health and beauty. So far, that quintessence still exists and contributes significantly in various sectors: pharmaceuticals, cosmetics and food. According to the research, in coconut oil have three powerful antioxidants: Vitamin E, Phenol, and Phytosterols. They have the ability to destroy the free radicals are leading causes of
aging and skin cancer. Moreover, coconut oil also works to kill bacteria and antimicrobial due to the fatty acid chains contain in coconut oil including lauric acid, capric acid, acrypic acid, caproic acid. If we choose the quality coconut oil, used for the right purpose with the right amount then coconut oil will not have any effect on health. But there are many people who abuse the use of coconut oil and use it in a scientific way lacking, so the direct impact on health is evident. It can be seen that the user can take 2 tablespoons of coconut oil per day will prevent constipation, but drinking too much will cause gastrointestinal problems and diarrhea (Soon Chai, 2016).

The question here, are there any factors that make virgin coconut oil affects health? Coconut oil components in coconut oil are beneficial for the body but for profit, for preserving coconut oil, some manufacturers have for some harmful ingredients in coconut oil, such as preservatives, antioxidants, deodorants, color reducing agent, detergents, and these are the factors that affecting human health. In addition, during the production of coconut oil are often born Proxy values. This value greatly affects the health, if too high will increase the risk of cancer, and cause difficulties in the application of coconut oil in industry. And even to increase profitability, they also mix coconut oil with other oils made pure coconut oil loss, reduced efficiency when used (Cocobentre, 2016).

Coconut oil contains a lot of medium chain fatty acids, vitamins and minerals are essential for the body, especially for the skin, so it helps to have the beautiful and healthy skin, smooth, clean acne, anti-aging and also can be used as non-chemical remover makeup. For the hair, there is a reason why coconut oil is different with the other oils have similar functions such as sunflower oil, is the better ability to penetrate into the hair and prevents the protein molecules minimizing - a cause of hair loss and split ends. Coconut oil also supports health care, prevention and treatment of some diseases such as psoriasis, diabetes, epilepsy. Besides, coconut oil also protects teeth from some pathogenic bacteria. Furthermore, coconut oil helps to boost metabolism, making user feel full longer and improve thyroid function. Scientific studies also show that coconut oil helps burn calories faster; eliminates toxins in body, balance the digestive system, and nourish the cells. In coconut oil also helps destroy candida, a fungus that can cause cravings, fatigue and weight gain. Therefore, coconut oil is a suitable choice for those wishing to lose weight. Furthermore, coconut oil can also heal damaged skin because it contains medium chain fatty acids (MCFA) especially capric acid and lauric acid, these two components work antibacterial and anti-inflammatory properties are very high. Moreover, it also helps to soothe and soften the sting, as well as external wounds. (Vietcoconut, 2014)
3 Export-Import Activities

This section is set to discuss and provide the data related to import and export activities in Vietnam and Finland, and the trade relations between these two countries.

3.1 Export of Goods from Vietnam

Vietnam is emerging economic in Asia which has achieved annual GDP of 6.68% during 2015 and it is considered as highest GDP ratio over last 7 years (Asian Development Bank – ADB, 2016). As Figure 4 shows in below, Vietnam’s GDP in 2015 is exceed the peak which was achieved in 2011 and it is much higher than the last 3 years (Statista, 2016). Among other economies in the same area, Vietnam is positioned as the third GDP growth rate which is after Myanmar (8.4%), Cambodia (7.0%) and Laos (6.8%) in 2016, according to ADB (2016).

![Figure 4. Vietnam’s GDP from 2010 to 2020. (Statista, 2016)](image)

In addition to outstanding result in GDP growth rate, it is said that Vietnam export-import activities achieve good performances. Figure 5 shows that total imports of Vietnam in 2015 is US$166 billion while total exports in this year is US$162 billion. Although Vietnam has been still in trade deficit but the grow rate of export is being increased that contribute well into economic development.
Figure 5. Vietnam’s Import and Export value from 2011 to 2015 (Statista, 2016)

3.2 Import of Goods to Finland

The second part of this section is about exploration of Finland’s import and export activities and performances. Unlike Vietnam, Finland is considered as developed countries in Europe. However, the country has been suffering deepest downturn in economic development in the last few years. After gaining positive GDP growth rate in 2010 and 2011 which are 2.99% and 2.57%, Finland’s GDP growth rate turns to negative at -1.43%, -0.76%, and -0.7% in 2012, 2013, and 2014. In 2015, the economy of Finland is recovered and GDP growth rate becomes 0.43%. According to Statista (2016), GDP% of Finland is expected growing up to 1.52% by 2020.
In 2014, Finland imported US$ 76.75 billion, making it being one in the 42 largest importer in the world. During the last five years the import of Finland have increased at an annualized rate of 4.9%, from US$60.89 billion in 2009 to US$76.75 billion in 2014. The recent import turnover was led by crude oil representing 11% of Finland's total exports, followed by oil and gas that representing 5.92%, car (3.7%), cigarettes (2.5%) and computer/laptop (2.5%).

Figure 6. Finland’s GDP Growth Rate from 2010 to 2020 (Statista 2016)

Figure 7. Finland’s import value from 2005 to 2015 (Statista, 2016)
The value of imports of Finland in 2007 from developing countries was 10.1 billion euros, accounting for 17% of total imports. Importing from developing countries in the years from 2004 to 2007 has increased by an average 24% a year. In that same period, the average growth rate for the entire 13% of imports, while imports from the EU increased on average by 10% a year. In the coming years, the development trend will be similar on, especially when the developing countries are going to be the most promising opportunities to enhance their trade relations with Finland.

According to the Finnish Customs in 2014, Vietnam consistently achieved a trade surplus in the Finnish market despite importing calculated according to country of origin or country of shipment. Although export turnover of Vietnam to Finland is very modest and overall increased two-way trade, Vietnam's trade surplus in Finland in first 3 months of 2014 reached US $ 933 thousand, down significantly from the trade surplus of $ 3.8 million last year. In the first 3 months of 2014, the major export items of Vietnam to Finland still is the traditional items like shoes (US$5.9 million), furniture (US$3.7 million), transport (US$3.4 million), plastics (US$2.7 million). Items screws and metal products had significant growth, reaching US$3.4 million. Also during this period, electrical equipment items and accessories were dropped at number 3 with US$3.9 million turnover.

Regarding about the turnover, the market share of Vietnam's export to Finland accumulated in first 3 months in 2014 accounted for 0.13% of total imports of Finland if calculated according to the country of shipment, and Vietnam's imports from Finland decreased to account for 0.13% of total exports of Finland. (Finnish Customs, 2014)

Overall, through the data listed above the reader can know more about the import and export situation nowadays in Vietnam. Though a developing country, but Vietnam is a country with high potential for import-export operations of variety of goods. About Finland, though the population is less than the other European countries, but import demand is not so small. Therefore, when there is a combination of import and export between these two markets together, it is a good sign for both countries, and since then the author will have clearer direction for exporting coconut oil from Vietnam to Finland.

4   Legislation in Finland

This section is focus more in the legislation in Finland. As mention above, the legislation of European with a product from non EU-countries to EU-countries and is the difficulty that need to face during the importing process.
Exporting to Finland must comply with the law not just only of Finland but also the EU and this can cause the complications. EU legislation provides for clear provisions on standards to protect consumers, workers and the environment. And in this legislation, food is the commodity with the highest requirements, while the specific requirements for other commodity groups have much more flexibility.

EU law is enacted in the form of regulations and directives, but the EU has the common legislation for the safety of the product: Directive 2001/95 / EC2 prohibit the sale of products hazardous to the health of consumers caused by hazardous materials or unsafe production. This Directive shall apply to all products on the consumer market. This is a framework directive, and it is supplemented by more specific instructions for each specific commodity groups, such as safety directives for groups of foodstuffs, toys and children's furniture, power and tools. The Directive CE3 (or new Approach) dominates 20 commodity groups are likely to cause a risk to consumers. The importer is responsible for the goods to be labeled the mark “CE”. Besides, there are also many technical standards for products. Each EU country has its national agency in charge of standards, but because national standards are common European origin, so a standard text in Finland is also valid in other EU countries, and opposite. If the production of goods that use chemicals, the exporter need to have a research about the EU regulations on chemicals and how to use them safely. Directive EC 1907/2006 which known as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) whose main purpose is to strengthen the protection of human health and the environment. The manufacturers and importers need to have greater responsibility to manage the risks from chemicals and to register the requested information in a central database is operated by the ECHA (European Chemicals Agency) in Helsinki, Finland. At the same time, the market surveillance authorities of the EU countries have set up in Europe a network named RAPEX5, a rapid alert system for all dangerous goods except for food, drugs and medical devices. (Finnpartnership 2008, 10)

4.1 Product Responsibility

Product safety is always checked before goods are imported to avoid litigation on product liability. If the buyer can prove that that they suffer losses about people or property caused by shoddy goods, they can claim for financial compensation, first of all, from the distributor under the Directive on Liability Products by EU6. The distributors, then, have the right to appeal to the importer, manufacturer, or any party involved earlier in the distribution chain. This directive governs all industrial products, but excluding commodity such as agricultural goods since this type has a separate legislation.
4.2 Food Laws

Coconut oil is a particular type of product because it has multipurpose. Besides using as functional food, it can also be used as beauty products, but now in Europe the virgin coconut oil is considered as food so it should comply with the rules for food imports. Because food is a very important issue in Europe, it is governed by many regulations. The latest framework provisions that apply for all EU countries is the food law EC178 / 2002. This law aims to protect at a high level the human life and health, and with due regard for the safety and health of animals, plants and the environment. The synthetic approach “from farm to fork” is considered the general principles for food safety policy of the EU. Legislation on food will constantly change, and the requirements about food include food contaminants, maximum residue levels, hygiene and labeling, depend on the product. Food sold as “organic” must comply with EU regulations (EEC2092 / 91) and must be certified by an independent organization and is labeled accordingly. (Finnpartnership 2008, 11)

4.3 Packaging and Labeling

The main purpose of packaging is to preserve the original quality and hygiene of the product until it reaches the consumer. There are different legal requirements for packaging and labeling for the different types of goods, according to it is used for industrial production or for humans. Purposes, is still, protecting the safety and health of consumers, and provide them with information related to the product.

A group of EU Directives (Framework regulation EC1935 / 2004) specified types of materials, plastics and cardboard can be used when there is a direct contact with food. Packaging Directive contains provisions on the prevention of packaging waste, on reusing, on the collection and recycling of packaging waste - and the importer is responsible for the implementation of this directive.

“Here are the general rules for labeling:

● Consumer products must be labeled in the national language(s) of the market country, or when applicable - by universally known instructive or cautionary signs or symbols
● Labels and markings must accurately describe the contents of the package
● Weight and measurements must be stated in the metric system
● Information on safe use must be included, if applicable
● Certain foodstuffs must be marked with the country of origin
● CE marking is mandatory for many products” - (Finnpartnership 2008, 12)
4.4 Demonstrate the Conformity

The importer must have documentation to prove the conformity. With the low-risk goods, usually there is no special requirement, just need the Declaration of Conformity of the supplier is sufficient. With high-risk goods, properties of goods may have to be verified by the results of laboratory testing or inspection results. In some cases, for example organic products, should have independently verified. The demonstrate conformance requirements are laid down in directives and other legal documents of the EU, but the actual regulations in each country may vary. When needing the results and certification testing, only those laboratories and certification organizations recognized by the EU can be used. Certificate issued by a recognized international organization confirms the ability of the organization concerned and improve the reliability of the test results and their certificates. If the European authorities do not accept the documents submitted, they may require additional testing and checking when the goods reach to Europe, which leading to delays and extra costs. In certain cases, the EU may send inspectors to the country of origin. (Finnpartnership 2008, 12)

5 Research Conduction: Theme Interviews in Vietnam

Qualitative research methods and theme interviews are used to collect data in this research. In this section, email interview is applied with seven female experts live in Vietnam that meet the demand of having knowledge and experience about coconut oil products. The method is chosen because there is the disadvantage of the time zone and geographical distance between the two countries Vietnam Finland. The interview questions include the knowledge about coconut oil, the experience in the use of coconut oil, the assessment of the level of satisfaction and personal opinions about the development potential of coconut oil.

5.1 Knowledge and Experience of Coconut Oil

All the chosen interviewees can provide professional and experimental information about the uses of coconut oil. According to them, coconut oil can be used to cook and is a healthy nutrient resource for hair, skin and even eyelashes. In addition, it can provide health benefits as well such as weight loss, preventing heart disease, and healing infected body part from fungi and bacteria.

About the experience with coconut oil, all the interviewees used coconut oil as moisturized lotion. Oanh Truong, 24 years old, she recommends to use coconut oil after sauna time by gently massage to make oil penetrates the skin, or she blends coconut oil with sugar then massage on skin for exfoliating. On the part of Phuong Do, she likes to change her hairstyles and hair color continually, so she uses coconut oil as a nourishing product. She applies coconut oil to hair for 20 minutes before bath, and use two times per week to make hair healthy,
shine and restores damaged. In another way of using, Tram Truong, who is a woman had been pregnant; coconut oil helps her to heal stretch mark after birth. With Huyen Tran, a business girl who wants to make the eyelashes longer, she choose to use coconut oil, but after fifteen days she stop using because she had not seen any tangible results and she does not have enough patience to continue. But she has found another way to use the oil that rubbing on the skin is cracked, and the result has shown very quickly and clearly.

Phuc Nguyen, who is a loyal consumer of coconut oil, besides using coconut oil to moisturize the skin; she also used to remove make-up every day. And in addition to using coconut oil as a beauty product, Phuc also use coconut oil for food by deep garlic in coconut oil or use to mix salad. Similarly, Hanh Phan, a 23-year-old girl has applied coconut oil to her weight loss plan. She always used coconut oil for frying, to mix salad and moreover, she also drinks 2 tablespoons of coconut oil each morning to help lose weight.

5.2 Customer Satisfaction

On the upside, there is no denying the fact that coconut oil can offer a few plus points. One of the obvious benefits can be that coconut oil is completely safe, do not irritate the skin, especially for those with sensitive skin. It should be as well mentioned that coconut oil is also a very multi-use product, and especially with Tram Truong who use coconut oil after birth, the stretch mark is faded by time. On the other side, there are unfortunately a few issues worth taking into account. Most thought-provoking of all is that because coconut oil is a natural product so it should have used in a long time then can see clearly the effect of coconut oil. In addition, coconut oil has a slightly frost so some users will not like it to use coconut oil as lotion. Moreover, because coconut oil supports to stimulate hair growth so it can also causes hair growth on the face or hands, legs.

5.3 Development Potential

Coconut oil is more and more popular in beauty, health and wellness area. It can be used for skin care, hair care, and weight loss. In Vietnam, it is a potential market to develop coconut oil because of cheap and convenient labor and resource. In US, people are familiar with using coconut oil for health and wellness, such as cooking, losing weight, healing stretch mark, and so on. Coconut oil can be used as the only source, or can be combined with other functions. For example, Sweet Sweat produced the workout enhanced gel to promote an additional increase in circulation and sweating during the workout with two types: the first one is the original gel, and the second one is made with extra virgin organic coconut oil. The effect of coconut oil is not inferior compared with olive oil so it has an enormous potential, then it should have more strategic to be known widely in Finland in particular and worldwide in gen-
eral about its uses. Furthermore, coconut oil will really thrive in the future with some countries which have a high demand for coconut oil but cannot produce themselves.

6 Research Conduction: Theme Interview in Finland

In this section, the author writes about the content of the email interview with Ms. Marjo Poutanen, senior lecturer of the Degree Programme in Beauty and Comestics in Laurea University of Applied Sciences, Tikkurila campus. Since the time to conduct the interview is also the start of a new school year, so for more favorable time for Mrs. Marjo, the interview has done by composing questions and emailed to Marjo and also received answers by email. The content of questions is about the knowledge and experience with coconut oil, and personal thinking on the potential development of the imported coconut oil in Finland market. Moreover, the kind of Strengths, Weaknesses, Opportunities and Threads to import coconut oil to Finland is also asked.

6.1 Knowledge and Experience of Coconut Oil

With Ms. Marjo, coconut oil has been a trend in nutrition for many years. It is known as a fat that absorbs in gut better than some other fats, which is a good thing if the user suffers some nutrition absorption deficiency. Coconut oil or coconut fat is mostly saturated fat. Anyhow, in coconut oil the amount of middle-length-fatty acids (lauric acid) is high. Lauric acid is saturated fatty acid. There is evidence that it is absorbed more easily in the gut than other fatty acids. She would not think coconut oil as a super food or even as a healthy food, but coconut oil is good for cooking, frying and baking; because it has a nice and attractive scent and flavor.

Ms. Marjo knows that some people use coconut oil as a teeth whitener but there has not been a scientific evidence for that. But “coconut oil is one of the most versatile fats that I know” - Marjo said. If the user like the taste and smell, they can use it topically for skin and for dry hair and as a nutrient since source of fat. In cosmetic industry, coconut oil and its derivatives are widely used as various different functions in hair and skincare products: emollients, emulsifiers, skin and hair conditioning, cleansings, anti-static, depending on a compound.

Talking about the experience, Marjo uses the coconut oil for cooking and baking mostly because of its good flavor and good frying properties. Moreover, she also applies it overnight for dry skin, but she does not use daily. “There are the ingredient in coconut oil also has in some of the products we prepare with Beauty and Cosmetics students in Laurea. If I prepare some cosmetics at home, such as lip balm, coconut oil is one of the main ingredients”.


6.2 Development Potential

According to Marjo’s way of thinking, coconut oil and its derivatives are widely known and it is used as an ingredient in cosmetics and there is still more potential. Marjo said that: “As a food or a part of a food, it should be considered as a saturated fat and I should be used like saturated fats which are recommended to use. Furthermore, coconut oil does not have any authorized health claims by Europe Food Safety Authority”.

Ms. Marjo thinks that in Finland, the customers would like to buy organic, high grade, cold pressed or virgin coconut oil which has most of the flavors, vitamins and minerals. They can also consider that coconut oil as a source of fat, without any untrue claims of being super food.

6.3 SWOT Analysis

SWOT here stands for Strengths, Weaknesses, Opportunities and Threats. From the beginning of this part, Marjo noted the author that she is not an expert of importing or legislation so these are just her own opinions.

About the strengths, the most important thing is that the imported coconut oil has a high grade about the organic perspective. And because there is not any coconut oil production in EU so the oils have to be imported anyhow.

About the weaknesses, it is related to the competition in the market. Nowadays in the Finland’s market there are quite a lot of different coconut oil brands already, so it can be quite difficult for a new brand to have a place.

Talking about opportunities, Marjo mentioned about the high class ingredients in coconut oil so it can be used as a cosmetic, so it can be a chance for the entrepreneur to import and sell coconut oil as a cosmetic product.

Turning to the threats, unfortunately Ms. Marjo does not have any comment about it.
On the whole, after the interview with Marjo, the author can see that coconut oil is a product that truly captures the hearts of the user. It is received many positive signals from people who has the experience with it by the natural ingredients and does not harmful to human health. In addition to use in the food industry, the coconut oil is also a product that has the potential to grow further in the cosmetics industry. And although the Finnish market has a lot of competition but there is still chance to import coconut oil from Vietnam to sell in this market.
7 Analysis

In this section the reader can understand more about the aspects related to the import of coconut oil. It includes. It includes the perspective on ethical, ecological, economic, aesthetic and educational.

7.1 Ethical Perspective

The business in the coconut oil industry is sustainable livelihood development towards solving poverty for the rural working poor. From those who have received social benefits, precarious living with difficult circumstances, by appropriate labor organization, take advantage of their strengths, the coconut oil production facilities are geared to creating out of jobs, to the workers themselves, this can find its value by creating better products to serve the society. From there, they can improve their lives and escape the poverty.

The coconut oil production facilities provide the consumers the best products, safe, appropriate and affordable prices, by combining e-commerce. Besides, they also eliminate many unnecessary stages in the supply chain of coconut oil. This simplifies the manufacturing process and is the main cause of the use of chemical preservatives, and creates favorable conditions control over the process.

Many farmers around the world have grown and harvested coconuts as their main livelihood for the whole family, even a generation. But although the coconut products are increasingly being used more in almost kinds of products nowadays, but the purchase coconut prices still remain very low, thus the farmers do not have enough economic resources necessary to invest more in cultivation, production and maintenance the jobs. In short, the harvesting of coconut is not considered a feasible task, but there are still coconut farmers because they are in poverty and do not have other jobs. In developing countries like the Philippines, Indonesia and Vietnam, harvesting and cultivation of coconut is considered as a work for the poor. Nonetheless, farmers still do not get worthy salary; not including the coconut price is not hold steady causing significant impacts to farmers’ salary. So when buying coconut products, consumers should look for products with Fair Trade Certified ™ label, because it is a logo indicating that products are produced responsibly, for both environment and for people which here is the farmer because they are paid for their efforts the deserve money, and the working condition is protected safely. (Ethicalconsumer)

7.2 Ecological Perspective

Since people are using more coconut oil, there is wonder of how coconut and its oil production can affect the environment. This part of the thesis is about how this industry could cause both benefits and harms to the ecology, and also to the humanity. The author also research
and make the comparisons with others in-use cooking oil such as palm oil or olive oil to have a better view with others impacts to the environment.

Firstly, harvesting the coconut oil is more earth-friendly than palm oil. The farmers can clear or destroy the tropical forest or the fields to serve the growing of palm trees and harvesting of palm oil. But with the coconut tree, this is a popular plant in tropical and warm countries, South East Asia area is an example of coconut land. Coconut is easy to grow, even with the soil surface or seashore. The plant itself can live for 60 years and always produce fruits in all their lives. Other parts of the tree such as leaf and body can be used for many purposes from food industry to constructing, therefore it can help reduce fire and smoke if the plants die. Moreover, the planting process of coconut is not difficult and can be seen as monoculture farming. (Ethicalconsumer)

However, as the demand is growing, farmers are taking planting coconut seriously and industrializing their farm for only coconut. This lead to the draining surface and toll the soil, in addition with aging plants cannot be productive. As a consequence, farmers and governments are going to use more chemical fertilizer for better quantity, replace the native plants or even biodiversity to focus on the cultivation and development of coconut trees. This can lead to harms to biodiversity of the farm ground, water and product’s quality. (Sustainability)

Secondly, the coconut oil producing process is an issue regarding to the ecological side also. There are two methods of making coconut oil: cooking, and extracting cold press. The first one can do harm to the environment as it causes smoke and carbon dioxide after cooking process. One more thing to concern is picking coconut from 5 meter high is dangerous job, which is carried by the poor or children in developing country, such as Philippines. These are the down sides of the producing process of coconut oil. (Onegreenplanet)

7.3 Economic Perspective

This part discusses the issue of cost of goods and the tax rates. In the period 2006 to 2020, the EU economy is forecast to grow at 2.1% per year. With certain advantages, including the expected benefits from enhanced trade liberalization and economic growth, the EU aims to become a dynamic economy and unbeatable in 2010. The location is the largest exporter and second largest importer in the world, the EU’s trade policy contributes greatly to the process of trade liberalization and development of the world, have a large role in shaping and adjust the process of globalization. The EU maintains international competitiveness while promoting their international trade through liberalization of international trade regulations will bring many benefits to the developing countries including Vietnam. With the current 40% of total exports of the developing country with more products free or reduced taxes, the EU is considered to be the most open to poor countries. The EU is also the main importer of agricultur-
al products from the developing countries, with a larger proportion of the US, Japan and Canada combined. (Europa.eu)

Imports from non-EU countries into the EU may be pay the tax to customs duties, and in some cases subject to import quotas, although this rate is usually modest. However, there were the agreements on free trade deals as well as the EU itself for non-EU countries. Applied rates are calculated as a percentage of the taxable value of the goods. The special tax on agricultural goods is calculated by number or weight, or by calculating the percentage of total value and weight. When products originating from non-EU countries in the region have EU and customs formalities were completed, the product is allowed to circulate freely throughout the EU single market area. (Gov.uk)

The developing countries have enjoyed preferential treatment for their exports to developed countries has nearly 40 years. Generalised Scheme of Preferences (GSP) allows the developing countries to pay less or no duties on their exports to the EU, and GSP is one of the incentives. Under this system, products imported into the EU from developing countries are entitled to tax relief. The goods under the GSP are divided into two categories: sensitive and non-sensitive. The industrial goods, excluding fabrics, mainly in non-sensitive products, are non-taxable. Meanwhile, most of the agricultural products which are sensitive and can only are reduced to a certain level of tax. (Europa.eu)

Taxes are collected when the product enters to the country. When calculating the tax, transport costs to the EU are included in the price of imports. Another cost is Value-added Tax (VAT) at the border. In Finland is 17% for food and 22% for other products. Before charging VAT for imported goods, if the tax surcharge, freight charges are added to the price of imports. Importers, wholesalers and retailers pay VAT on the value added corresponding increase in price. In Finland, there are also surtaxes on some goods, such as alcohol and tobacco. These taxes may be higher than the VAT. (Vero.fi)

In addition, there are incentives for countries with special incentives for sustainable development and good governance is a tax exemption for all kinds of products, including sensitive products. These countries belong to some groups of countries: ASEAN (Southeast Asia), SAARC (South Asian) and the Andean Community (South America) have the right to use the material from the countries in the bloc, without sacrificing the benefits of origin of goods. (Europa.eu)

7.4 Aesthetic Perspective

To maintain the optimum life of the plant, the farmers use no chemical fertilizers, pesticides and herbicides. They maintain soil fertility, eliminate weeds and worms using by natural methods. The farmers customized fertilizers to meet the specific nutritional needs of the co-
coconut trees. Mulch can also be used to provide a high level of nutrients in the plant needed to produce fruit. (Onegreenplanet)

The harvest stage is carried out by the group of contractors that use the supported safety equipment so as not to harm the coconut trees and thereby cut into the beam. In higher positions, they will require people with expertise to choose carefully. On average, a healthy coconut tree can produce nuts every year from 75 to 200 and can sustain life for up to 100 years old. And currently, many companies have used all kinds of metal packaging to ensure safe and fully recyclable and biodegradable. (Sustainablebabysteps, 2016)

The main purpose of packaging for all kinds of products, which here is coconut oil, is to preserve the original quality and hygiene of the product until it reaches the consumer. There are different legal requirements for packaging and labeling for the different types of goods, according to it is used for industrial production or for humans. Purposes, is still, protecting the safety and health of consumers, and provide them with information related to the product.

7.5 Educational Perspective

Coconut oil comes from the meat of matured coconuts harvested from the coconut palm. It is used in food, medicine and in the industry. Coconut oil is high in saturated fat content, and because of it, it has a long self-life. For thousands of years coconut products have held a respected and valuable in local folk medicine. People from diverse cultures, languages, religions, races, and scattered around the world coconut is considered a source of food and medicine which is necessary for life. At anywhere with coconut tree grows, there have an effective remedy. (Coconutresearchcenter, 2015)

Coconut oil plays an important role in research and education for scientists. In a study research on the effects of coconut oil on animals published recently, the researchers have made a preliminary conclusion about the ability of nutrients in coconut fat for humans. Accordingly, coconut oil contains medium chain fatty acids so the body can more easily absorb. In addition, coconut oil has the ability to prevent the accumulation of proteins that cause neuronal Alzheimer on.

The coconut oil contains saturated fat should have a positive impact on human health. Coconut oil companies claim it is a nutrient food has the ability to add energy to the user. A more recent study showed that the benefits of using coconut oil. The study was done on mice; coconut oil has the ability to protect mice nerve cells against the accumulation of proteins that cause Alzheimer’s disease. Another study showed that people in the islands of the South Pacific region have low heart disease rate using coconut oil every year. (Authoritynutrition)
However, according to George Blackburn, deputy director of nutrition at the Harvard University, Medical Cambridge said results are not enough statistics on universal health problems because of the island’s inhabitants still depend on a lot of other activities. In addition to this diet is totally different here than other places. Even so, in theory, the coconut oil is better for human health than butter or animal fat because it does not contain cholesterol. Many long-term studies in the world are funded by various health organizations have found that high levels of lauric acid in virgin coconut oil (unrefined) can prolong the lives of AIDS patients by dissolving the lipid membrane covered with the virus. This effect was demonstrated in a very short time in patients who are in a state of ulcerated helps heal in less than a week in accordance with usage. Effective use of coconut oil was also evaluated highly effective against other infectious diseases. (Coconutresearchcenter, 2015)

8 Conclusion and Development Ideas

The whole research for this thesis helps the author to clarify the orientation process to import coconut oil, understand more about the import regulations in Europe, get the related perspective such as educational, economic, ecological, and also let the reader has a clear view about the coconut oil and its use. If this research is applied, it will open a great opportunities for Vietnam, diversity the coconut oil market in Finland so that the users will have more choices based on origin, price, and design. In general, the author has got the SWOT overview on the importing of coconut oil on the Finnish market in particular and Europe in general.

With the advantage is the organic product, coconut oil has been and still will be favored when using organic product is a trend has no signs of recession all over the world both for the food and cosmetics industry. Also because coconut oil is a product with ingredients from nature completely, so the rules and legislations are not too difficult as for those products that use chemicals or preservatives. But besides that there are still some drawbacks. The first is due to many people not yet know all the uses of coconut oil, they simply think use for cooking and do not use much so it can affect the consumption in the market. Secondly, because coconut oil is an imported product, here is imported from Vietnam to Finland so need to weigh price to sell on market because the price for shipping from Asia to Europe is not cheap and also has some other related costs such as export and import fee.

About the opportunities, it is widely open because in Finland or Europe are unable to produce coconut oil so certainly need to import coconut oil. But besides that, not only Vietnam can manufacture and export coconut oil but also need to compete with rivals such as the Philippines, Indonesia. Then the author should have intelligent path to be able to attract customers and compete with coconut oil products which are imported from other countries. In addition, the selection of partners to supply coconut oil are also important because they need to be a
reputable and ensure sources, to avoid the situation that to increase profits the manufacturer will mix with other oils that reduce the effects of coconut oil.

From the start, it can be seen that this is a rather broad topic as the author need to research about the import laws, together with the beneficial aspects when export and import coconut oil. The interviews are also conducted to know more about the satisfaction, the needs to use coconut oil, and from there to determine the best direction to be able to introduce and bring coconut oil - a proud product of the south of Vietnam to the country where the author is living and learning - Finland. As an organic product, coconut oil will always have a place in the market; even grow stronger in the future.

Despite the scale of the interviews is not large, but it still helps the author get enough the useful ideas for this project, and also gives a clearer vision about development potential of coconut oil products. The author feel so satisfied and happy with the results obtained from the research conducted for this Bachelor’s thesis. With the anticipation of the author, she is confident that importing coconut oil from Vietnam to Finland for selling is no longer can or cannot, that is just a matter of time. In the future, the author will implement this project when she has the opportunity and has enough preparation for the sufficient financial and human resources. Coconut and coconut oil is a Vietnam’s proud product and have strong potential development that the author wants to promote to the world. There is no shortage of coconut oil supply resources in Vietnam, the most difficult issue here is to find out the direction for coconut oil in Finland market, through the import, distribution and marketing campaigns.

From this Bachelor’s thesis, the author is so happy that she can write, visualize more clearly and can prepare step by step to implement this project in the future. She sincerely thanks to teacher Marjo Poutanen, who lets her know the perspective of the Finnish about coconut oil and the demand for the product, at the same time add the objective view of the development potential of the project. Besides, the author would like to thank to her senior lecturer Leena Kuosmanen, who accompanies and helps a lot during the implementation of this thesis. Finally, the author would like to thank the experts in Vietnam that are also her friends, who answer the interview questions, help and support her mentally and give her more different insight to the project.

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