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HOW TO EXPORT FENGYUYI NATURE'S GOLDEN SWEETENER INTO FINLAND

Bachelor's Thesis 2012

ABSTRACT

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Exporting can be a profitable way of expanding business, spreading risks and reducing the dependence on the local market. Therefore, it is significant to study how to export Fengyuyi Nature's Golden Sweetener into other countries. The objective of this study is to design an operational export plan for Fengyuyi Co. towards its honey through three major aspects: the global honey trading situation, the orientation of Fengyuyi Co. and the export of Fengyuyi honey to Finland.

The explorative study is made up of qualitative method by interviewing Fengyuyi Co. and Hangzhou Green Forever Apicultural Company in China. Another two questionnaires were completed in Luotaistuote and Life Co., Kouvola, Finland. It helps us better understand the differences between Chinese and Finnish honey market. PEST analysis, SWOT analysis, Benchmarking are used in the thesis. It is reliable under the relative theoretical study and the empirical information collection and cooperation among the companies.

The results of the analysis will present the price and package of Fengyuyi honey plan to be launched in Finland market, and states what the company learned from competitors both in Finland and in China, as well as the two ways of exporting. The different phases of Fengyuyi honey exporting and the various EU requirements, Finland requirements, China limits and the exporting problems will be discussed and relevant suggestions like how to produce the good honey and follow the rules will be provided.

TABLE OF CONTENTS

ABSTRACT

LIST OF FIGURES

LIST OF TABLES

1. INTRODUCTION.....	6
1.1 Research objectives and problems	6
1.2 Research methodologies and limitations.....	6
1.3 Benefits from the study	8
1.4 Research design.....	9
1.5 Brief overviews of Fengyuyi Co.....	11
2. DESCRIPTIONS OF PRODUCTS.....	12
2.1 Description of honey	12
2.2 Brief description of other bee products	14
3. GLOBAL HONEY MARKETS	15
3.1 World honey situation	15
3.2 Honey trading business in China.....	23
3.2.1 Extrinsic exporting problems	23
3.2.2 Intrinsic exporting problems	25
3.3 EU honey situation.....	26
3.3.1 Preferred honey in EU.....	26
3.3.2 Consumption in EU	27
3.3.3 Production in EU	29
3.3.4 Export of EU	31
3.3.5 Export of EU	33
3.3.6 Conclusion of import and export of EU	35
4. FINNISH HONEY MARKET	36
4.1 PEST analysis.....	36
4.1.1 Political and legal forces	38
4.1.2 Economic forces.....	40

4.1.3 Technological and infrastructural forces	41
4.1.4 Social and cultural forces	42
4.2 Finnish honey situation	43
4.2.1 Situation of beekeepers	43
4.2.2 Finnish weather and bee plants	44
4.2.3 Market size	45
4.2.4 Domestic production and exports/imports	45
4.2.5 Competitors' analysis	46
4.2.6 Market prospects	53
4.2.7 Distribution channels	54
5. BENCHMARKING OF HANGZHOU GREEN FOREVER APICULTURE COMPANY	55
5.1 Company introduction.....	55
5.2 Characteristics of Green Forever Apiculture Company	56
6. IMPORTING HONEY TO FINLAND	60
6.1 SWOT analysis of Fengyuyi Co.....	60
6.2 Two ways to export	65
6.2.1 Apply for the import and export right in China.....	65
6.2.2 Find an intermediary	68
6.3 What needs to be done when export.....	70
6.3.1 Request for quotation	71
6.3.2 Contracts in the export operations.....	78
6.3.3 Securing transportation and documentation.....	80
6.3.4 Delivering the goods to the carrier.....	85
6.3.5 Monitoring and control	85
7. CONCLUSIONS AND RECOMMENDATIONS	86

REFERENCES

APPENDICES

Appendix 1 Relating to honey situation

Appendix 2 Question list of Fengyuyi Co's interview

Appendix 3 Question list of Hangzhou Green Forever Apiculture Company's interview

Appendix 4 Question list of Luontaistuote and Life (Kouvola, Finland)

LIST OF FIGURES

Figure 1: Design of the study	9
Figure 2: World honey production (1000t) (1982-2008)(EU market situation for honey, 2009) ...	16
Figure 3: Average retail price per pound of U.S. honey (National Honey Board, 2011e.)	19
Figure 4: Average wholesale case price per pound of U.S. honey (National Honey Board, 2011e.)	20
Figure 5: Total average bulk prices of honey imported from four countries to U.S. in 2009- 2011 (National Honey Board, 2011e.)	22
Figure 6: Honey imports into the EU by origin (Tonnes) in 2009 (EU market situation for honey, 2009.)	32
Figure 7: Honey EU exports by destination in 2009 (Tonnes) (EU market situation for honey, 2009.)	34
Figure 8: Import/ export average price of honey (EUR/Kg) (EU market situation for honey, 2009.)	35
Figure 9: The Different Exporting Countries for Hangzhou Green Forever Apiculture Company (Tang, 2011.)	59
Figure 10: Export procedure framework (Cattai, 2003, 78-248)	71
Figure 11: Bill of lading of Hangzhou Green Forever Apiculture Company in 2011 (Tang, 2011)	73
Figure 12: The Outbound Cargo Inspection Form of Entry-Exit Inspection and Quarantine of the People's Republic of China (Tang, 2011)	81
Figure 13: The Health Certificate of Entry-Exit Inspection and Quarantine of the People's Republic of China (Tang, 2011.)	83
Figure 14: China Customs export declaration (Tang, 2011)	84

LIST OF TABLES

Table 1: World honey production per region (1000t) (2001-2007) (EU market situation for honey, 2009)	15
Table 2: World honey production per country (1000t) (2001-2008)(EU market situation for honey, 2009)	17
Table 3: Total and per capita honey consumption in the EU, 2003-2007, respectively in thousand tonnes and in KG (CBI, 2009.)	28
Table 4: Honey production in the EU 2003-2007, in tonnes (CBI, 2009.)	30
Table 5: Honey imports into the EU by origin (Tonnes)(2000-2009) (EU market situation for honey, 2009.).....	31
Table 6: Average honey import price (EUR/Kg) (EU market situation for honey, 2009).....	33
Table 7: Honey EU exports (Tonnes) (EU market situation for honey, 2009.).....	33
Table 8: Average export price of honey (EUR/Kg) (EU market situation for honey, 2009.).....	34
Table 9: Honey Balance Sheet (EU market situation for honey, 2009)	36
Table 10: The general information of Finnish Honey Market Size (Ratia, 2010b)	43
Table 11: Examples of honey competitors in Finland based on visits to S-market, K-market, K Citymarket and Prisma in 2011	46
Table 12: The various honey prices in different companies in Finland in 2011	48
Table 13: Some basic information in the bill of lading (Tang, 2011).....	74
Table 14: Ocean container dimensions (Foreign trade, 2011).....	78

1. INTRODUCTION

1.1 Research objectives and problems

The purpose of this study is to compose an operational export plan for a Chinese company, Fengyuyi Co. produces various kinds of bee products. Its goal is to expand its sales territory and take up a market share in Finland. The thesis attempts to take Nature's Golden Sweetener—honey— as an example and analyses the characteristics of Finnish honey business environment, which is based on the expounding of global honey trading business. Particularly, by analysing the EU and Chinese honey trading situation, the company manages to learn their advantages.

Although Fengyuyi Co. sells quite well in the domestic markets of China, it is time to seek possibilities for entering foreign markets. In the light of the above objectives, the main research problems include:

1. How to export Fengyuyi honey into Finland?
 - 1) What are the different phases of exporting honey to the Finnish market?
 - 2) How should Fengyuyi Co. conduct its export operation?
2. What are the global honeys markets like?
3. What can Fengyuyi Co. learn from an experienced competitor Hangzhou Green Forever Apiculture Company?

1.2 Research methodologies and limitations

Four qualitative researches are conducted in this thesis. For the theoretical part, most data and information are collected from related literatures, articles, news, web-pages and announcements or reports published by some official or economical institutes.

There is plenty of information available on the topic written in Chinese of the honey market in China, including the development trend, the existing problems in honey

exporting, the exporting situations, the way of applying for the import and export right in China, the government management, Fengyuyi Co., and Hangzhou Green Forever Apiculture Company. They are mainly used in sections of the Chinese honey market, and filled with the method of importing honey to Finland.

There is still a considerable amount of literature in English referenced, which mainly focuses on the global honey trade business, EU honey market and its future tendency, the Finnish honey market, EU laws and regulations, the culture and purchasing power, the concept of exporting, international logistics, and how to make an exporting plan.

The study of Fengyuyi Co. presented in the empirical part was mainly carried out via in-depth communication—QQ—the most popular free instant messaging computer program in Mainland China. The managing director of Fengyuyi Co., Fan Xiujuan was interviewed on 20 March 2011. It was a direct communication that more extra questions could be asked so that fewer mistakes would be made. No matter what kind of questions, it was convenient to leave messages through QQ to the managing director, Fan. She was capable of answering the problems in patience and with elastic time, and helped describe the history of the Fengyuyi Co. and the recent situation in the Chinese honey market.

One qualitative research was for Hangzhou Green Forever Apiculture Company, which was carried out in a Chinese interview. Tang Ting, a trading representative of the company, who provided the latest new information of exporting on 20 July 2011. As previously mentioned, messages were left through QQ to Tang surpassed the limited area, which enabled an elastic way to collect useful information.

In Kouvola, Finland, 10 October, 2011, two qualitative interviews taken from two shops which are managing natural products provided some quite useful information. One was Luontaistuote and three shop assistants, Nelli Pajunen, Tarja Saari and Elina Lahti, helped me to answer the questionnaire. Another interview was done in Life,

Mervi Pyykkö, who was the principle of the shop. It was a pity that those leaders who managed to stock the goods and didn't have enough time to participate in the interview. Thus, some information was restricted to offer as the shop assistants who did not know the situation as well as the leaders. Photos of honey taken in S-market, K-market, K Citymarket, Prisma in Kouvola used for analysing the prices and packaging. From that point of view, Fengyuyi Co. could learn the market management of Finland, achieve the information of labeling, packing and the origin of honey. Hence, there is a great deal of detailed, new, reliable and practical information gathered through the researches.

Absorbing the exporting knowledge from qualitative research, Fengyuyi Co. can easily oriented based on the two aspects who are the leaders from China and the shop assistants in Finland, then evaluate the strength to export, make an accurate SWOT and PEST analysis, summarize benchmarking of Hangzhou Green Forever Apiculture Company, enact a standard positioning in Finland. That is strong evidence for the theoretical research that made this thesis much more persuasive and practical, which is also full of great referential significance for other small and middle sized enterprises that offer bee products in China and also for those new launchers who tend to launch honey into Finland. In short, this research was successful. The theoretical knowledge and empirical findings have been linked together and discussed in this part.

1.3 Benefits from the study

Exporting is a way that the enterprise wants to extend and explore the foreign customers, and build an international brand. Knowing how to operate exporting can help the enterprise cut expenditure and save twists and turns, and have good skills of planning, promoting, distributing, pricing, and servicing of the goods and services desired by intermediate and ultimate consumers. (Albaum, Strandkov, Duerr and Dowd, 1994.)

The adaption of international logistics also helps the international merchants to undertake an efficient way to export and import goods through national transportation. The information and empirical findings provided in this thesis will give rise to new ideas to help Fengyuyi Co. start the export operations. Furthermore, the thesis research and writing process are very useful for future careers.

1.4 Research design

The research design of this study is provided in figure 1. It clearly describes the general ideas of the thesis and main flow as below.

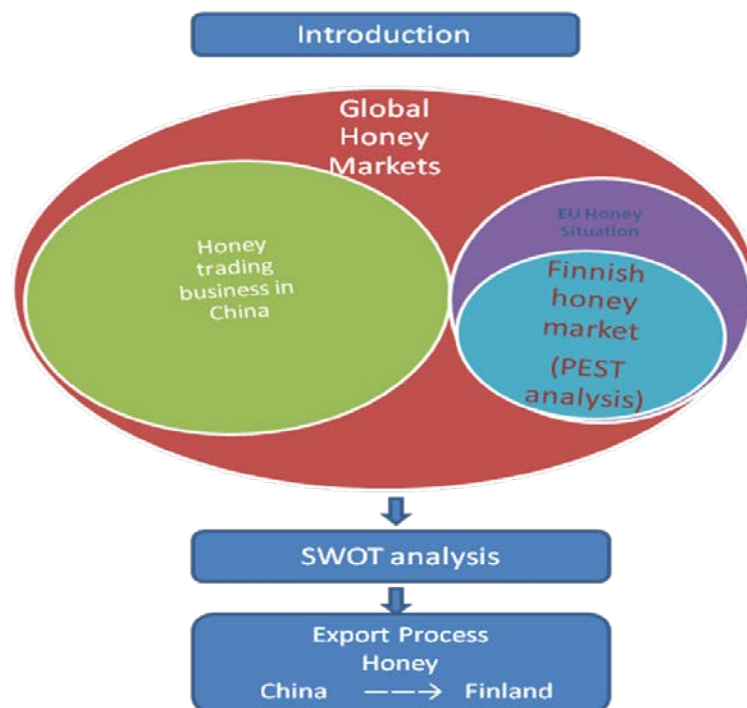


Figure 1: Design of the study

To give the contextual frame of reference for the study, first I put forward the relevant research problems, research objectives, methodologies, limitations, design of the study and my benefits from it in the introduction part. It presents a general idea of the total thesis.

In order to carry out the empirical analysis properly, in which the empirical study is based on the literature review, it's full of great significance to know the global honey trade. After comprehending the world production of each country, Fengyuyi Co. is capable of making the operational plan. The thesis focuses more attention on describing EU honey environment and Chinese market, thus making contribution to analyse the Finnish honey market precisely. Following the intrinsic relationship between EU honey and Chinese honey, Fengyuyi Co. will formulate a much clearer target and export plan.

In the part of EU honey environment, concluding the preferred honey of EU, honey consumption, honey production, honey imports and exports. The emphasis of the EU honey environment is the Finnish honey environment, which is the marketing audit of Finnish honey market and making an introduction of international environment of Finland. It is described from political and legal forces, economic forces, technological and infrastructural forces, social and cultural forces in Finland, which presents the Finnish humanities mellow style and a Finnish flavor nature environment. The Finnish honey situation dominates the entire thesis and plays the most significant role in exporting honey to Finland. The market size of honey provides the potential for Chinese honey which could be exported into Finnish market. The market characteristics (e.g. the situation of beekeepers, Finnish weather and bee plants, market size, domestic production and exports/imports, competitors' analysis, market prospects, distribution channels) uncover the existing honey products in Finland, which emerges how should Fengyuyi Co.'s honey be packed, priced, and compete with those honey sold in Finland.

In explaining the honey trading business in China, the thesis mainly concentrates on the honey exporting extrinsic (e.g. technical standards, trade barriers) and intrinsic problems (e.g. contaminants, pesticide residue, immature honey). In the following part, the benchmarking of Hangzhou Green Forever Apiculture Company is introduced. Analysing its superiority of full equipped quality centre, apiaries, bee farms, export

circumstances and other relevant factors, it can be as the GPS for supporting Fengyuyi Co. and Fengyuyi Co. can learn from the company and improve itself.

Exporting honey to Finland is the ultimate purpose of Fengyuyi Co., there are two ways of exporting. One is direct market entry by dealing with foreign customers yourself, and needs to apply for the import and export right in China; another is indirect market entry by finding an intermediary. And in the way of exporting, the quotation, description of goods, terms of sales, contact with freight forwarders, securing transportation and documentation, monitoring and control are included. Before moving to the operational phases, SWOT analysis of Fengyuyi Co., which is based on the benchmarking of Hangzhou Green Forever Apiculture Company and the global honey trade, works in a role of booster to discover and compete with its superiorities when exporting. It helps Fengyuyi Co. has a good orientation in exporting honey to Finland.

All information will serve to conclude the study, recommend further effective methods and suggest subjects for further study, it's necessary to dig out the business opportunity, monitoring and controlling of the continuous processes, and forging relationship and cooperation.

1.5 Brief overviews of Fengyuyi Co.

Jinhua Fengyuyi Co. was established on Dec 31st, 2005, and now it owns about 36000 swarms and has a team of 165 experienced households equipped with advanced technology for administration and guidance, thus helping another 500 households of apiarists with their colony's expansion and the improvement of bee products' quality. The company has modern full-automatic manufacturing facilities, filling machines, laboratories, and equips with inspectors, technicians and senior technical consultants. With the help of advanced devices and experts, Fengyuyi Co. takes the eco-friendly, unified standard ways to produce and process (sterilization, disinfection, filtration and vacuum dehydration) the products: honey, royal jelly, pollen, propolis, etc, which has

already got QS certifications. Because of the initiation in new products and the strict criterion in traditional products, Fengyuyi Co. shares a high reputation in the bee product market, and those products can be easily found in Fengyuyi exclusive shops, supermarkets (Wal-Mart, Tesco, etc), and some pharmacies in China. (Fan, 2011.)

The co-op has won Famous Brand in Chinese bee product market, Gold Medal for tourism culture selection in Yangtze River delta, Unit customers can believe, Top 10 of Zhejiang bee product enterprises, and 3-star Specialized Farmers Cooperatives on Standardization and Demonstration. In 2008, “Fengyuyi” was awarded Jinhua Famous Trademark, and then in the next year 2009, the company also won the Gold Medal of the 7th Agriculture Trade Fair in East China and to been named "National and Apicultural Cooperative sets an example company " In 2010, “Fengyuyi” had the honor to win Zhejiang Famous Brand and Golden Prize of Third Yiwu International Forest Products Expo. In 2011, the company had won Golden Prize of Jinhua Agriculture Trade Fair and Golden Prize of Yiwu International Forest Products Expo. (Fan, 2011.)

Fengyuyi Co. has a good reputation in Zhejiang, Guangdong, Heilongjiang, Liaoning, Tianjin, Beijing province and Shanghai as it with good quality and good service. And providing the way of recognizing and testing the honey whether is real or fake on exhibitions or fairs attracts more customers to come and buy the Fengyuyi products. Besides, the company offers the free honey detection and wins a good reputation and trusts from customers. (Fan, 2011.)

2. DESCRIPTIONS OF PRODUCTS

2.1 Description of honey

In accordance with the Codex Alimentarius, mentioned in the CBI (2009), honey is the unfermented, natural sweet substance produced by honeybees from the nectar of blossoms or from secretions of living parts of plants or excretions of plant-sucking

insects on the living parts of plants, stored and left in the honey comb to ripen and mature. Because of the different source of the nectar, honey is different in taste and color, which can be mild, sweet to strong or even pungent, the honey colors range from black to white. National Honey Board (2011a) points out that the color and flavor of many honeys are linked, that is, the darker the honey, the more apt it is to taste stronger and more robust. The lighter colored honeys are usually more delicate and sweeter in flavor.

According to CBI (2009), honey is collected mostly of nectar from a solid type of flower, named monofloral honey. Due to its particular flavor of the floral origin, it is regarded as the best type of honey and wins a high market value. Simultaneously, the polyfloral honey is produced from various types of flowers. The honey sold popularly in the market is blended honey. It is defined as a homogeneous mixture of two or more honeys, which are differing in floral source, color, or geographic origin.

Honey appears in disparate forms, one comb honey can be generated from its original comb. The chunk honey is a piece of comb honey in a jar or container of liquid honey. While honey abstracted from the comb is called liquid honey, and if it concludes natural glucose ingredient and naturally crystallized, this honey can be named as crystallized honey. On the other hand, if the crystallization process is controlled and the honey is processed to a smooth spreadable consistency, it is called creamed honey. (CBI, 2009.)

National Honey Board in the part of what is honey (2011a) represents that honey is a complex of naturally flavored sugars together with trace enzymes, minerals, vitamins, and amino acids. Honey has masses of benefits which can be as a beauty ingredient and be made hand lotions, soaps, cosmetics and other personal care products (National Honey Board, 2011b). Honey is also regarded as a natural energy booster. It is a rich source of carbohydrates, offering 17 grams per tablespoon as the carbohydrates are the primary fuel the body uses for energy, which are indispensable to the diet to help

maintain muscle glycogen, that is, the most essential fuel source for athletes to keep them going. (National Honey Board, 2011c) In addition, honey works as a cough suppressant which is found by a Penn State College of Medicine research team in 2007 study that honey may offer parents an effective and safe alternative to over-the-counter cough medicine (National Honey Board, 2011d). Honey also can be used for confectionary production, baked products, non-alcoholic beverage industry, ice cream and other relevant products (Government of Saskatchewan, 2011).

2.2 Brief description of other bee products

There are also some other bee products, royal jelly, pollen, propolis and beeswax. The thesis mainly focuses on the honey research so that the information on other bee products is limited. CBI (2009) states that Royal jelly is a honey bee secretion fed with the larvae as nutrition. Royal jelly consists of trace amounts of many wonderful nutrients and nutritious, biologically active compounds (Bee Alive, 2011). Pollen is the fertilizing powder of flowers as the honeybee larva's main food. It is an extremely rich and complex substance and is now regarded a valuable nutritional supplement (Leclercq, 2011a). Leclercq (2011b) also points out that propolis is a vegetable mastic made by honeybees from resins and which gathered from the bark and buds of certain trees and balsamic plants. It is taken advantage of sealing small gaps in the beehive and to reinforce the structural stability of the hive (CBI, 2009). The propolis can be used for medicinal purposes like wide-spectrum antibiotic properties, anesthetic properties, anti-inflammatory properties and the immune system (Leclercq, 2011b). CBI (2009) claims that beeswax is a natural wax produced in beehives. It is a release agent, stabilizer, texturizer for chewing gum base, carrier for food additives and a clouding agent. Saville (2011) says that it can be used for making candles and skin creams.

3. GLOBAL HONEY MARKETS

3.1 World honey situation

The honey in the world tends to be more drastic competition owing to the different technology of beekeeping, disparate requirements, diverse weather, unlike flowers, economic factors and other correlative parts. It shows the distinct in the honey production, price, consumption and the problems those different countries meet.

Table 1: World honey production per region (1000t) (2001-2007) (EU market situation for honey, 2009)

	2001	2002	2003	2004	2006	2007
Africa	147	155	153	156	168	168
North America	120	115	117	109	119	99
Central America, Southern Caribbean	201	205	205	235	245	221
Asia	459	491	513	541	592	610
Europe	310	294	317	343	360	340
Oceania	29	23	29	27	29	28
Total	1265	1284	1334	1410	1512	1466

Seen from the table 1, it can be easily obtained the information that Asia was the only region that world honey production increased obviously from 2001 to 2007, while North America, Central America, and Southern Caribbean had a significant decline in 2007. As well as Europe, the honey production decreased sharply from 360,000t to 340,000t from 2006 to 2007. Oceania only kept a small amount of the whole honey production. Thus we can find Asia was the largest honey production area, while Europe was the second largest area for producing honey.

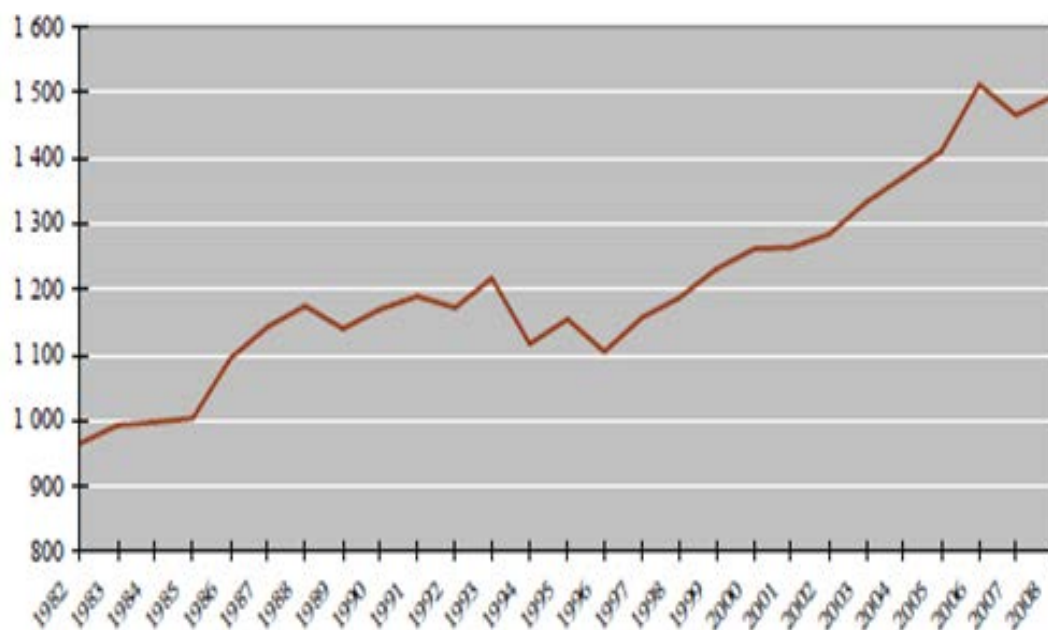


Figure 2: World honey production (1000t) (1982-2008) (EU market situation for honey, 2009)

Figure 2 shows an increasing tendency of world production from 1982 to 2008. From the year of 1982 to 1997, the world production kept heaving and dipping, even in the year of 1993 to 1997. Starting from 1997, the honey presented gradually growth until 2007 and reached the highest point with a honey production of 1500,000 tonnes.

Table 2: World honey production per country (1000t) (2001-2008) (EU market situation for honey, 2009)

	2001	2002	2003	2004	2005	2006	2007	2008
China	254	268	295	298	300	338	357	367
EU27	180	177	198	205	197	206	196	196
Turkey	60	75	70	74	82	84	74	81
Argentina	80	83	75	80	110	105	81	81
Ukraine	60	51	54	58	71	76	68	75
United States of America	84	78	82	83	73	70	67	73
Russian Federation	53	49	48	53	52	56	54	57
Mexico	59	59	57	57	51	56	55	55
India	52	52	52	52	52	52	52	52
Ethiopia	29	40	38	41	36	44	44	44
Iran, Islamic of America	27	28	28	28	28	36	36	36
Brazil	22	24	30	32	34	36	35	35
Canada	35	37	35	34	36	48	31	28
Tanzania, United Republic of	27	27	27	27	27	27	27	27
Korea, Republic of	22	20	18	16	24	23	26	26
Kenya	25	22	22	22	22	25	25	25
Angola	24	24	23	23	24	23	23	23
Australia	19	18	16	16	16	18	18	18
Viet Nam	7	11	13	11	14	17	16	16
Uruguay	10	10	10	13	10	13	16	16
Others	135	132	145	147	152	160	164	164
Total	1264	1285	1336	1370	1411	1513	1465	1495

It can be seen from Table 2 that China was the leading country among others and kept gradually rising from 2001 to 2008. It can be understood that 2007 was a declining year on the honey production, but 2008 and the whole trend presented a prosperous prospect on honey production. As the table revealed that the production of honey was about 1,465,000 tonnes in 2007, and it raised 30,000 tonnes in 2008. The honey production of 2006 only increased 2,000 tonnes compared to 2005. Turkey and Argentina also make a big contribution to honey production.

Connected with table 1 which shows Asia is a region with the first ranking on the world honey production, and it also tells us that China plays the most essential role in honey production of Asia. EU's honey production fluctuated during 2001 to 2008, but still held at the second ranking.

S. Kamberg & Co., Ltd (2011) says in February that in the 2010 U.S. honey crop was approximately 160,000,000 lbs. which was heavy shortage of the average 200,000,000 crops since before. Meanwhile U.S. honey consumption was over 400,000,000 lbs. This years' crop was basically sold or committed for very quickly at price levels of 15% to 20% higher than the 2009 U.S. honey crop. There existed some reasons for the reduced U.S. honey crops. First was that continued Colony Collapse Disorder had lessened bee colony numbers. Second reason was that decreased bee forage area happened owing to commercial and residential development and conversion of forage area into farm land for cash crops. One point worth mentioning was that weather was a primary factor in floral source growth, nectar flow, and bee activity in collecting nectar for honey. Some drought conditions were flooded into in some regions of the U.S. and cool, wet weather in other regions.

Another reason was that more and more honey producing countries consumed more of their own honey production. It showed that less honey was provided in the world. Therefore, as the huge demanding of honey, the challenges among competitors were more and more intense, the price was higher. (S. Kamberg & Co., Ltd, 2011.)

Later you will find several charts of statistics pertaining to the assessments collected by the National Honey Board.

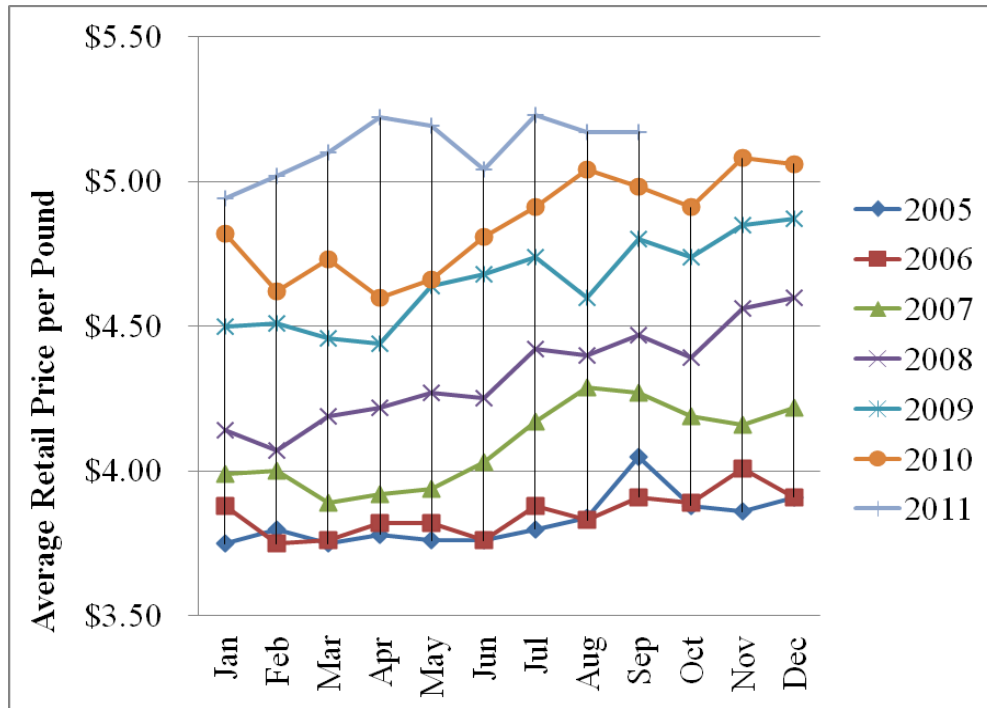


Figure 3: Average retail price per pound of U.S. honey (National Honey Board, 2011e.)

It can be obtained from figure 3 that the average retail price per pound of U.S. honey fluctuates every year, except 2005 and 2006, the average retail price per pound of U.S. honey didn't change much. In 2007, 2008, 2009, 2010, and 2011, the average retail price can be higher and higher with the following years. Combined with table 3, we can discover that in January of 2005, the average retail price per pound arrived at \$3.75 based on the appendix 1(1), while in 2006 it touched at \$3.88, but in 2008 it jumped above \$4.00, achieved at \$4.14. Surprisingly, in May of 2009 and 2010, it held almost the same average retail price per pound at \$4.64 in 2009 and 2010 hold at \$4.66. While in July of 2011, it peaked at \$5.23.

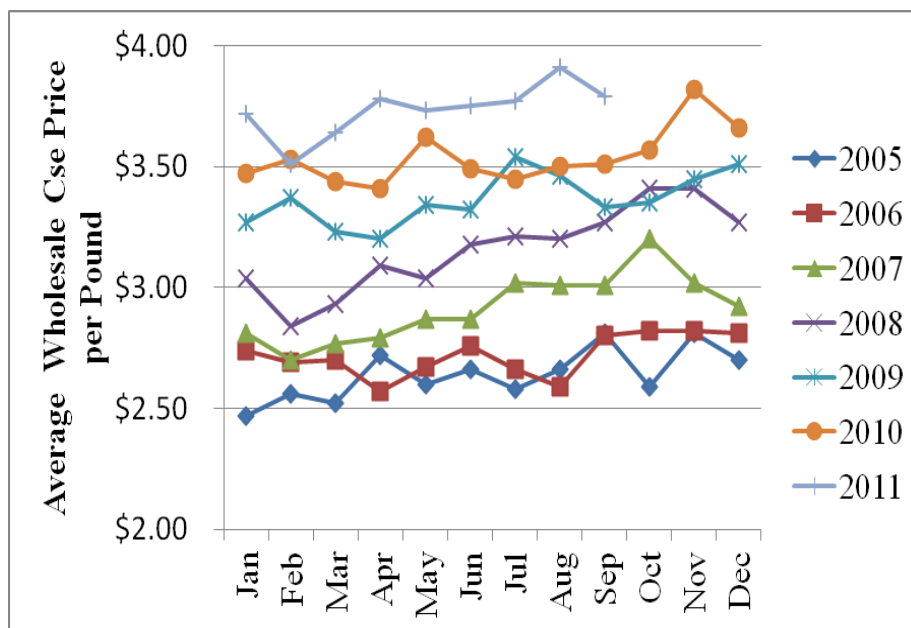


Figure 4: Average wholesale case price per pound of U.S. honey (National Honey Board, 2011e.)

Figure 4 directly shows the increasing tendency on the average wholesale case price per pound of U.S. honey from 2005 to 2011. The price fluctuated up and down though 2005 and 2006, and we can obviously discover that each year rose apparently compared with former years after 2007. Combined with Appendix1(2), we witness that in October of 2008, the average wholesale case price per pound of U.S. honey outnumbered \$0.06 than 2009. Whilst, it was surprise that that the prices of February of 2010 and 2011 were almost the same amount, which were \$3.53 and \$3.51 respectively. In August of 2011, it reached its bottleneck at \$3.91. But compared with Figure 3, we can present that the average retail price per pound of U.S. honey reached its ceiling at \$5.23 in July of 2011, while the highest average wholesale case price per pound of U.S. honey appeared in August. Therefore, sometimes average retail price per pound of U.S. honey didn't depend on the average wholesale case price per pound.

Based on S. Kamberg & Co., Ltd (2011), Global Food Reporter in February of 2011 mentioned that India has become a leading source in the world market for White and Extra Light Amber Honey, but could reduce their honey crop by 30% to 40 % due to

experienced some unseasonably cold weather. Europe would be aggressive in competing for honey. S. Kamberg & Co., Ltd (2011) points out that the Vietnam honey crop was delayed, while Brazilian honey was in good supply. But Argentina was still struggling to stand up to an average crop as they struggled with the weather, lower bee numbers, and reduced forage area. South American honey kept being heavily sourced by Europe. And most of the Mexican honey crop was destined for Europe, the speed of supply was short but with large population, thus the honey prices remained very high.

For the reason of bad weather, Green party (2011) mentions that in the US beekeepers have been undergoing annual losses changing from 30% to 90% in 2011 compared with the normally managed hives for the past five years. Thousands of bee colonies have been wiped out in Europe, Asia and the Middle East. Similar losses happened in New Zealand. United States Department of Agriculture (2011) also explains the production of honey was declined because of weather.

In the world the bee are with the weakened immune systems, because of the Varroa mite. The pesticides which used do harm to the nervous system of bees, and are known as Neonicotinoids. (Green party, 2011.)

Elise Gagnon, the president of Odem International, a worldwide trading house that specialized in bulk raw honey, pointed out that millions of pounds of transshipped Chinese honey had come to U.S., and it was all coming now from India and Vietnam and everybody in the industry knew that.

Food safety investigators from the European Union barred all shipments of honey from India because of the presence of lead and illegal animal antibiotics. Further, they found an even larger amount of honey apparently had been concocted without the help of bees, made from artificial sweeteners and then extensively filtered to remove any

proof of contaminants or adulteration or indications of precisely where the honey actually originated. (Schneider, 2011)

Later the Figure 5 shows the total average bulk prices of honey imported from four countries, which is using CIF import value and therefore excluding U.S. import duties.

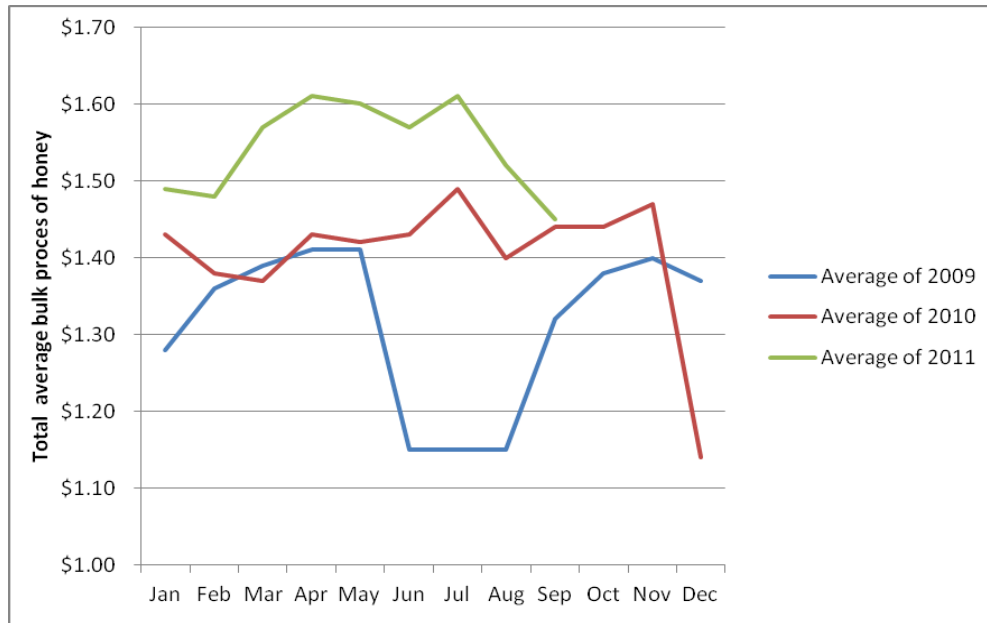


Figure 5: Total average bulk prices of honey imported from four countries to U.S. in 2009- 2011 (National Honey Board, 2011e.)

Figure 5 shows total average bulk prices of honey imported from countries to U.S. from Canada, Mexico, Argentina and China had a big fluctuation during 2009 to 2011. The honey had an obvious increase in 2011 and stood as the first ranking even in the July of 2011 declined. In 2010, the average bulk prices of honey peaked at \$1.49 according to appendix1(3) in July while it started to vertical drop until \$1.14 in December. The average bulk prices of honey had an inverse situation as it began to decline in May of 2009 and kept steady at \$1.15 during June to August.

3.2 Honey trading business in China

On the basis of Global Food Reporter (2011), China was the world's largest producer of honey. China bee supply and demand information network (2011) mentions that the amount of exporting honey arrived at 58,327.7 tonnes in January to August of 2010, average unit price 1,699.4 \$/tonnes, decreased by 3.2%. The amounts exported to Asia arrived at 23,706.5 tonnes, increased by 23.4%, the quantities of honey exported to EU reached at 31,502.8 tonnes, increased by 62.4%. The numbers to South America was 58.7 tonnes, which were dropped by 25.9%, while to North America, it increased and attained at 526.0 tonnes. From the statistics above, it can be easily found that the exporting of honey grew dramatically.

Along with improved living standards, increasing health consciousness, more and more human beings pay attention to the health care products, especially the bee products, which are honored as the natural products. However, because of the huge potential market and with low limited entry barriers, there are thousands of bee products flowing into the market, which leads the competition in China more competitive than ever. At the same time, some enterprises take advantage of non-standard production, or fake brand-name products, which seriously affects the reputation and the healthy development of such industry, even worse, the consumers don't know what to do, instead, just mistake the fake bee products to true ones.

3.2.1 Extrinsic exporting problems

Both opportunities and challenges accompany China since it joined the World Trade Organization (WTO). After becoming a member of the WTO, it is proud that China can open up global markets to provide bee products, but meanwhile foreign importers often put forward demanding technical standards, trade barriers in order to earn high profits and maintain the interests of beekeepers of their own. Therefore, what Chinese should do is to have adequate preparation and response measures.

Chinese exports took a hit in 2002 as its honey was found to be tainted with the antibiotic and chloramphenicol. Border custom inspectors in some EU countries and Canada detected this antibiotic which was a potential carcinogen; about 30 such consignments were detected in Europe. Other broad-spectrum antibiotics like streptomycin and tetracycline and pesticides like lindane, were also found. The same year, EU banned all honey imports from China. (Chinese honey route, 2010.)

Huang (2002) says that France and other member survived as self-produced honey, and if plenty of cheap imported honey flooded into the former market, which must have bad influence on the interests of local producers; Argentina's honey existed sulfonamides, streptomycin. It was a common phenomenon that countries used antibiotics in animal aquaculture and apiculture to prevent from bacterial diseases. British Bailey of "bee pathology," American Morse with the "Bee pests", published by American Titan "beehives and the bees", all of these books had introduced the use of oxytetracycline, streptomycin, and sulfanilamide and other antibiotics for prevention and cure larvae disease of bees. Further, oxytetracycline was permitted to use by the official of U.S.. Therefore, the required dose of rational use of antibiotics was permitted if it doesn't exceed the limits. If the residue lows to almost zero, it was unreasonable demands, but was a way of setting technical barriers.

Meanwhile, China bee supply and demand information network (2011) says that green barriers, technical barrier were usually two ways to Chinese honey as anti-dumping measures. The reasons why Chinese honey encounters the anti-dumping situation, first because other countries tend to contain Chinese economy as it had already occupied 25% in the international market only in 2002. And when China entered into the WTO, Chinese economy was rapidly developed. The second reason is that the developed countries tend to protect domestic market. For exporting honey, China faces three mainly markets: America, EU and Japan as Chinese honey occupies a large share in their own market, the country tends to explore foreign market. The third is that China wants to enhance competition of domestic products as China is filled with low cost of

human resource and land cost, even exporting Chinese honey is lower than their domestic honey. The fourth reason is because the bad order of exporting. The calculation of exporting honey cost is not reasonable and lack of exporting management. The last reason is that Chinese enterprises are not positive to the lawsuits.

As above reasons, it exists two extremes that minority of bee products have rather good reputation with mature technology. However, most of them are in bad management of raising bees and low technology conditions. The farmers have insufficient knowledge to manage the bees, when they using the bee medicine, which leads honey with residue and lowers the honey's quality and injures the people's health. (Huang, 2002.)

3.2.2 Intrinsic exporting problems

Experts pointed out that contaminations and pesticide residue guide the quality of bee products. On the one hand, it has a tight relationship with the original beekeeping, small enterprise scale and low level of technology. For example, some medicine like Varroa-Mites and Nosema parasite used to protect the bees from disease harms bee's immune system, as well as for the humans' health. (Huang, 2002.)

On the other hand, with the reason that lack of national standards, it has a far distance to the quality and reputation. Chinese honey is notorious for containing the banned antibiotic chloramphenicol, but which is used by farmers to keep bees from falling ill. The European Union outlawed Chinese honey imports in January the 25th of 2002. And another factor influences the honey quality is the package: if the package is the metal pail and with longer use, the ferric pail will drop and heavy metal will occurred. (Huang, 2002.)

The immature honey is one of the most significant elements which influences Chinese honey exporting. In general, United States and Europe is stored in the honeycomb which are completely blocks with good separation, is brewed in the mature way, and we can feel the flowers, those generally below 20% moisture content. Ratia (2010a) says that many national beekeeping organisations (e.g. Germany, Belgium, Austria, Italy, Switzerland, Spain) have moisture content maximum values of 17.5 to 18.5g/100 g for special classes of quality honey. While, for China's honey production, due to the acquisition of expertise in most business units is poor and with simple instruments, and prices of differential rank of honey are unreasonable, often they are considered that not based on the quality but only pursuing amount of producers. This action makes most of the moisture content above 22%. (Huang, 2002.)

Most of the exporting honey needs to take the machine to dehydration to make the water content dropped to 18%. However, in the enrichment process, the good smelling of honey like the flowers' beauty is lost. At the same time, the amylase values are lower and HMF content is increased. If the high water content of thin honey stored longer, and then sterilized, or concentrated after fermentation, which will increase the glycerol content, but also can be fished out that the fermented honey is concentrated with much lower quality. (Huang, 2002.)

Further, Chinese honey also meets with the adulterated phenomenon. There exist that some unscrupulous vendors sell the honey mixed with sugar or high fructose corn syrup, due to the acquisition without the strict quality inspection. (Huang, 2002.)

3.3 EU honey situation

3.3.1 Preferred honey in EU

Honey has become popular in EU as it is baked into everything from breakfast cereals to cookies and mixed into sauces and cough drops. Produced by bees from the nectar of flowers and then strained for clarity, honey's all-natural origin has garnered lofty

status among health-conscious consumers who prefer products without refined sweeteners (think white sugar and processed corn syrup). About 1.2 million metric tonnes of honey is produced worldwide each year. (Global Food Reporter, 2011.)

EU consumers have a preference for light colored, clear liquid honey with a mild taste. But blended honey made of mixed sources can generate properties and with a higher price. From CBI (2009), we learn that most Belgians and Finnish consumers prefer creamed honey, while most consumers in the Netherlands tend to like liquid honey more.

In addition, consumers in EU enjoy a healthy life style and prefer to consume health food. Organic honey in EU is estimated about 6.5 thousand tonnes per year (i.e.2% of total honey market). Organic honey is regarded as a natural nutrition pursued by consumers who wants a much more healthy honey. The consumers use them as a natural medicine and are glad to pay a higher price to it. Monofloral honeys (i.e. acacia), are becoming more popular in the EU, and the largest growth in consumption is expected for these types of honey. (CBI, 2009.)

EU consumers have a thought of bad reputation of Chinese honey. It was banned from EU in 2002 as the imports of honey contaminated by chloramphenicol and other prohibited substances. Chloramphenicol is an antibiotic which is used to cure sick bees, but it can cause a fatal blood condition in susceptible individuals, named aplastic anaemia. (CBI, 2009.)

3.3.2 Consumption in EU

According to the CBI (2009), the EU possesses of about 20-25% of global consumption. Honey consumption in EU reached to 310 thousand tonnes in 2007. China and the USA occupied 15% and 10% respectively, which are the other two major consumers of honey in the world.

Table 3: Total and per capita honey consumption in the EU, 2003-2007, respectively in thousand tonnes and in KG (CBI, 2009.)

	2003		2005		2007		Average annual% change in total consumption
	Total	Per Capital	Total	Per Capital	Total	Per Capital	
EU average	312,071	0.64	324,923	0.66	309,933	0.63	-0.2
Germany	96,050	1.16	90,741	1.1	95,506	1.16	-0.1
United Kingdom	27,914	0.47	32,383	0.54	36,069	0.59	6.6
France	28,457	0.46	31,462	0.5	34,869	0.55	5.2
Spain	34,028	0.82	31,867	0.74	28,927	0.62	-4
Italy	18,879	0.33	23,210	0.4	18,803	0.32	-0.1
Greece	16,643	1.51	18,318	1.65	18,151	1.62	2.2
Poland	15,725	0.41	14,847	0.39	16,192	0.42	0.7
Austria	10,739	1.33	9,825	1.2	9,876	1.19	-2.1
Romania	8,007	0.37	12,589	0.58	9.06	0.42	3.1
Czech Republic	6,037	0.59	7,124	0.7	n.a.	n.a.	n.a.
The Netherlands	7,876	0.49	6,272	0.38	7,890	0.48	0
Belgium	5,769	0.56	5,311	0.51	n.a.	n.a.	n.a.
Portugal	7,513	0.72	6,319	0.6	6,234	0.59	-4.6
Sweden	6,017	0.67	6,015	0.67	6,067	0.67	0.2
Bulgaria	2,497	0.32	7,614	0.98	5,027	0.65	19
Finland	2,702	0.52	3,214	0.61	3,933	0.75	10
Slovakia	2,012	0.37	4,349	0.81	3,709	0.69	16.5
Denmark	3,000	0.56	3,892	0.72	3,043	0.56	0.4
Slovenia	1,703	0.85	2,088	1.05	2,350	1.17	8.4
Ireland	1,314	0.33	1,822	0.44	1,906	0.44	10
Hungary	4,000	0.39	4,300	0.43	1,800	0.18	-18.1
Lithuania	1,132	0.33	1,534	0.45	1,253	0.37	2.6
Latvia	696	0.3	1,258	0.55	928	0.41	7.5
Estonia	672	0.5	780	0.58	817	0.61	5
Cyprus	804	1.12	837	1.12	n.a.	n.a.	n.a.

Based on table 3, there existed fluctuation which from 2003 to 2005 the honey consumption in EU was climbing, but in 2007 it the per capita of honey consumption

in EU cut done to 0.63KG, declined 0.03KG when compared with 2003 to 2005, which was increased 0.02KG.

The fluctuations were the result of price developments in the global market. Prices were relatively high in 2003 and 2007 as the supply shortages. The resulting consumption figures, which were lower compared to other years, thus should not be interpreted as slumps in demand. In fact, 2003 and 2007 were good years for honey exporters, because of strong demand and high prices.

We can also discover that Germany is the leading EU market for honey, with consumption amounting to 96 thousand tonnes in 2007. The following countries are United Kingdom, France and Spain. Searching Finland, it could found that Finland kept increasing on the honey consumption even it didn't occupy a large amount on honey consumption, which is also quite good news for Fengyuyi Co. exporting.

3.3.3 Production in EU

The worldwide production of honey amounted to around 1.4 million tonnes, while EU had a proportion for almost 13% of the global production in 2006.

Table 4: Honey production in the EU 2003-2007, in tonnes (CBI, 2009.)

	2003	2005	2007	Annual change
Spain	35,279	27,230	31,25	-3
Germany	23,691	21,232	n.a.	1.6
France	15,000	15,000	16,000	1.6
Greece	15,700	16,267	15,900	0.3
Romania	17,409	19,200	15,000	-3.7
Hungary	21,000	19,714	14,000	-9.6
Poland	11,620	9,955	13,600	4
Italy	7,000	13,000	12,000	14.4
Bulgaria	8,500	11,221	8,600	0.3
Czech Republic	6,303	8,371	n.a.	n.a.
United Kingdom	7,000	5,000	7,200	0.7
Austria	7,100	6,100	6,100	-3.7
Portugal	7,310	5,686	6,100	-4.4
Slovakia	3,202	4,258	4,500	8.9
Sweden	3,400	3,400	3,400	0
Finland	1,700	2,300	3,000	15.3
Belgium	1,600	2,150	n.a.	n.a.
Slovenia	1,850	1,650	2,100	3.2
Denmark	n.a.	1,500	1,400	n.a.
Lithuania	1,156	1,333	1,300	3
Latvia	552	916	900	13
Estonia	535	638	700	7
Cyprus	780	562	n.a.	n.a.
Ireland	200	200	200	0
Luxembourg	137	137	150	2.3
Malta	0	0	0	n.a.
The Netherlands	n.a.	n.a.	n.a.	n.a.
EU	198.02	197.02	188,600	-1.2

Table 4 explains the honey production of the individual EU member states. According to CBI (2009), the honey production of Germany was evaluated at 25 thousand tonnes in 2007. There was a slightly decrease between 2003 and 2007 based on the bad weather, bee diseases. Finland took up the annual change of 15.3 which was the highest number in the EU countries. The table 8 obviously showed that Finland honey production was increasing dramatically.

3.3.4 Export of EU

Table 5: Honey imports into the EU by origin (Tonnes)(2000-2009) (EU market situation for honey, 2009.)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Argentina	42576	46540	56503	50436	45031	71237	66147	53875	51476	38733
China	33573	37054	13753	1654	286	5734	9170	9818	24635	32495
Mexico	21477	17780	18528	12533	15853	13106	12424	21205	22250	18420
Chile	3012	4460	4000	3402	4737	6782	6648	6572	9158	9576
Brazil	82	568	4512	9760	17134	11509	5997	504	1701	7016
Uruguay	4075	6687	3730	3635	8935	5829	9551	12577	8382	5916
Ukraine	24	8	10	1	1953	3464	4922	3553	2630	4663
India	2262	1533	3275	4722	6430	4560	5191	4589	5225	4289
New Zealand	1199	2229	1812	1861	1090	1615	2379	2589	3422	3921
Cuba	5493	5846	4377	4392	6450	3790	2889	4444	5283	2771
Australia	3387	2983	1981	1596	1483	2489	1940	1855	1592	2340
Guatemala	916	597	932	1326	1095	1048	1264	1320	1209	1801
Rest of the world	38651	32256	42031	50986	26930	16822	18731	4131	5345	5353
Extra EU27	156726	158541	155443	146304	137408	147984	147252	127033	142306	137297

Table 5 gives the statistic report of the honey import into EU from 2000 to 2009. We can easily obtain that Argentina provides the most every year. The countries can be divided into two groups: one group including the Argentina, Mexico, Uruguay, India, New Zealand, Cuba has relatively low fluctuation of the amount of import honey into EU. The rest countries can be classified into the second group which we could always find the large changes of the amount during the decade. Furthermore, the total honey into EU market from other countries was stable from 2000 to 2009.

It is surprise to discover that in the year of 2000 and 2001, the Chinese honey occupied above 30000 tonnes. However, Chinese honey declined 13,301 tonnes, and

took up of 13,753 tonnes in 2002. In 2004, it struck the bottom at 286 tonnes. While in 2005 it increased dramatically and reached at 5734 tonnes, increasing 5448 tonnes. Following years, it showed a significant increase and in 2009 it arrived at 32495 which followed by Argentina, located at the first ranking in the table. The obvious change of Chinese honey on exporting to EU was because of the strategy that EU banned the importing of Chinese honey in 2002 and cancelled it in 2004.

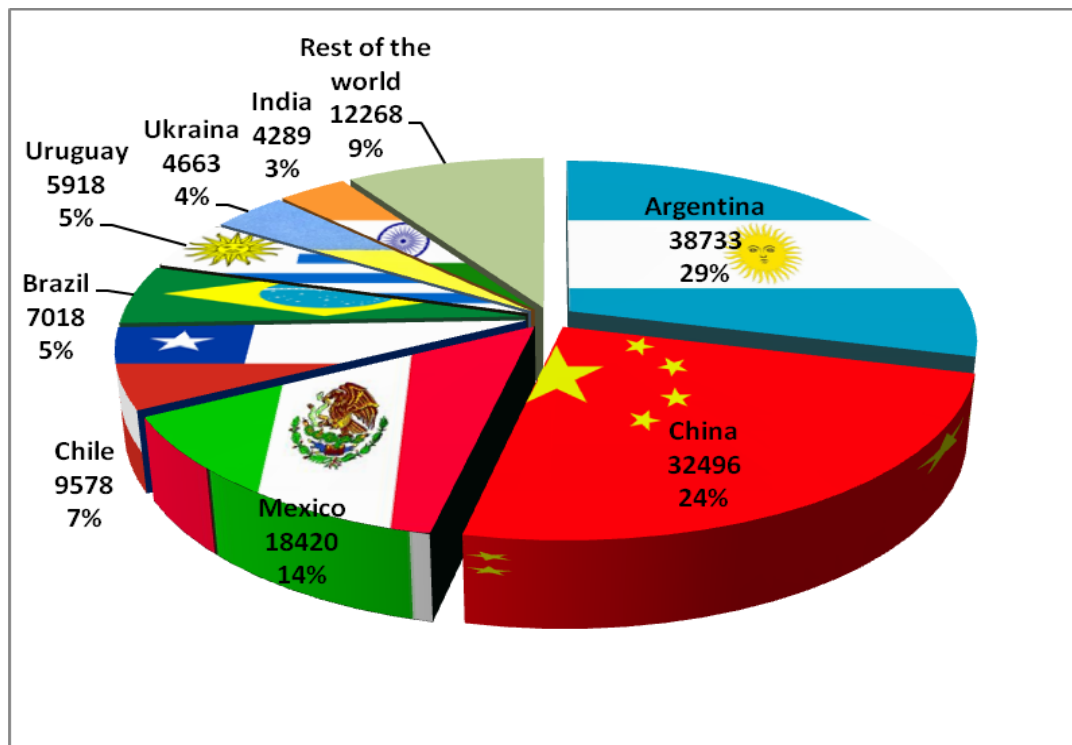


Figure 6: Honey imports into the EU by origin (Tonnes) in 2009 (EU market situation for honey, 2009.)

Figure 6 provides the amount and percentage of the honey imports into Europe in 2009. Argentina ranked first which occupied 29% of the EU market, followed by China whose honey imports into the EU market was 32,495 tonnes, sharing 24% of the total EU market. Mexico took up at 14% on the honey imports into EU, which was the third ranking. The rest countries had much less share of the market compared with Argentina and China. India constituted of only 4,289 tonnes, processing 3% of honey imports into EU, which was the smallest country for EU importing its honey.

Table 6: Average honey import price (EUR/Kg) (EU market situation for honey, 2009)

Origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Argentina	1.09	1.15	1.5	2.13	1.81	1.09	1.2	1.26	1.69	2
China	0.82	0.93	1.07	1.16	1.3	0.86	0.93	1	1.12	1.24
Mexico	1.24	1.45	1.78	2.32	2.17	1.57	1.51	1.38	1.67	2.14

Table 6 offers the average honey import price (EUR/Kg) of each country in each year from 2000 to 2009. It can be noticed that prices were always disparate at diverse time for one country or at the same time for different countries. From the table, one can find that the price of honey from China was the lowest every year and always under the total average honey import price, whilst the prices of New Zealand, Australia and Canada exceeded of the total price based on appendix1(4).

3.3.5 Export of EU

Table 7: Honey EU exports (Tonnes) (EU market situation for honey, 2009.)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Switzerland	1324	1269	1353	1324	1234	1476	1806	1660	1750	2106
United States	286	323	758	743	513	767	1033	966	998	861
Japan	107	186	291	488	553	512	449	594	1107	832
Saudi Arabia	737	942	1026	749	420	626	601	635	723	816

Table 7 indicates that different countries varied much on the honey which was exported from EU from 2000 to 2009. Switzerland was always the leading purchaser for EU honey, from 1324 tonnes on honey importing from EU in 2000 and crept up at 2106 tonnes in 2009. Saudi also occupied a large amount compared with other countries. More information is shown in appendix 1(5)

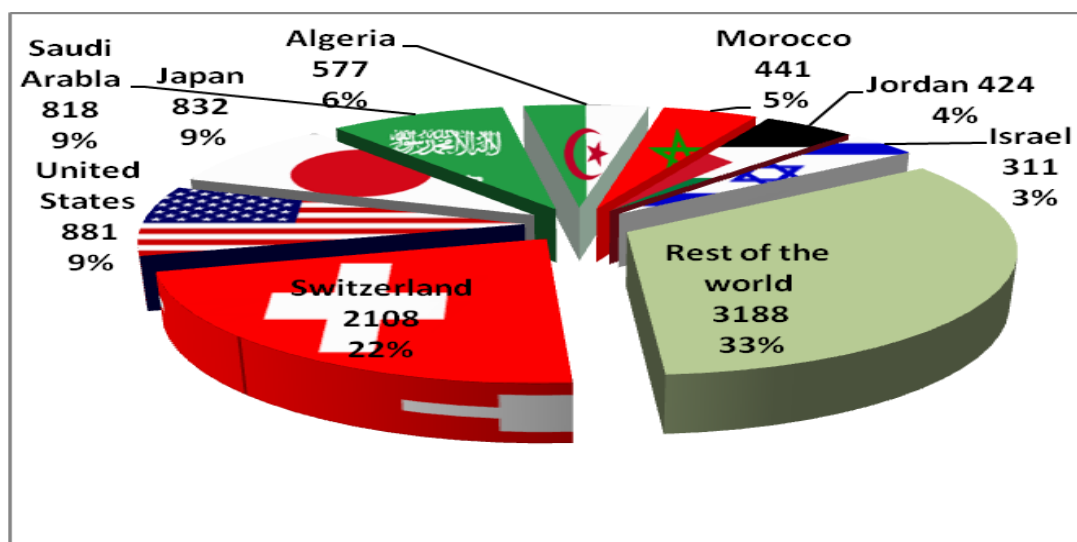


Figure 7: Honey EU exports by destination in 2009 (Tonnes) (EU market situation for honey, 2009.)

It can be seen from Figure 7 that the various amount and proportion of the honey EU exports by destination in 2009. The rest of the world owned 33% which was the largest percentage among all. Switzerland held 2,108 honey tonnes exported by EU, sharing 22%. Surprisingly, United States, Japan, Saudi Arabia occupied almost the same amount on 881 tonnes, 832 tonnes, 818 tonnes respectively, processed 9%. While following country, Algeria, Morocco and Jordan only took up a small amount.

Table 8: Average export price of honey (EUR/Kg) (EU market situation for honey, 2009.)

EU 27										
Origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Switzerland	3.19	3.16	3.52	4.06	4.31	3.55	3.45	4.05	4.2	4.45
United States	4.41	4.93	3.28	3.96	4.54	3.51	3.07	4.11	4.1	4.23
Japan	5.24	4.89	4.77	4.81	4.95	4.43	4.7	4.72	3.89	4.38
Saudi Arabia	3.27	3.44	4.56	3.59	4.59	4.25	4.74	5.29	5.48	6.75

It can be seen from table 8 the different countries had various honey average export price from 2000 to 2009. Japan was the guide on the highest honey average export price. Though it had a significant decrease in 2008 whose honey average export price

was only 3.89 EUR/Kg. It jumped to 4.38 EUR/Kg in 2009. United States occupied a higher honey average export price than other countries. More information can be found in appendix 1(6).

3.3.6 Conclusion of import and export of EU

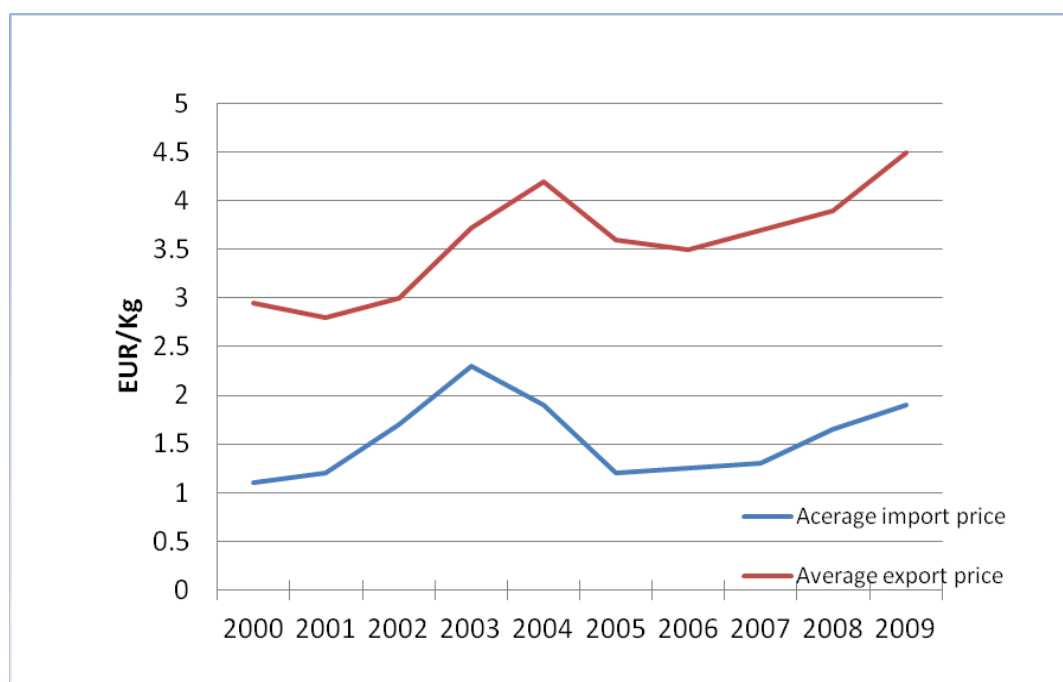


Figure 8: Import/ export average price of honey (EUR/Kg) (EU market situation for honey, 2009.)

From figure 8, it directly described the honey import and export average price from 2000 to 2009. Compared with the average import price and the average export price, we can summarize easily that the average export price was at least 1 EUR/Kg higher than the average import price. During 2000 to 2004, the average import price is increased dramatically, and peaked at 2.3 EUR/Kg in the middle of 2003. In the following year, the average import price slumped at 1.2 EUR/Kg, and started from 2006, it had a gradual increase and reached at almost 2 EUR/Kg in 2009.

Compared with the average import price, the average export price tended to be much higher and fluctuated quite differently. It was started from 3 EUR/Kg, then had a slight decrease, suddenly bottomed up in 2001 and reached the ceiling, 4.3 EUR/Kg in 2004. It dipped slightly in 2005 and 2006, and then it had a continuous increase until touching the highest average export price of 4.5 EUR/Kg.

Table 9: Honey Balance Sheet (EU market situation for honey, 2009)

1	Usable Production (1000t)		Imports (1000t)	Exports (1000t)	Consumption (1000t) (kg/head)		Self-Sufficiency %
	2	3	4	5	6	7	8
EU 27	2006	201	215	81	335	0.7	59.9
	2007	210	216	84	342	0.7	61.5
	2008	201	246	102	345	0.7	58.3

Seen from the table 9, the honey balance sheet of EU was shown on four parts: usable production, imports, exports, consumption and self-sufficiency from 2006 to 2008. We can obtain that in 2006 and 2008 the usable production of honey had the same amount of 201,000 tonnes, while it increased 9,000 tonnes in 2007. The self-sufficiency of honey in EU of 2006 owned 59.9%, then it had a small growth about 1.6% in 2007, but quickly declined to 58.3% in 2008. Other elements of honey balance sheet of EU like imports, exports and consumption increased during that period. Especially in 2008, the imports increased by 30,000 tonnes, arrived at 246,000 tonnes. The exports of honey constituted of 84,000 tonnes which were less by 18,000 tonnes. The consumption changed a small part when compared with other factors.

4. FINNISH HONEY MARKET

4.1 PEST analysis

It must be carried out that entering a new market, doing the detailed research and accurate analysis with an approximate prediction The PEST-Analysis presents an

efficient and effective way to acquire the vital information of macro-environment, tells the exporter what they need, which can be the conclusive decision for exporting in a new area, manages to be prepared to meet the different challenges, and take advantages of its own ethnic culture and unique feature of honey.

On account of that honey has its own local tastes based on the various flowers, which means Fengyuyi Co.'s honey is quite disparate from Finland, and it is possible to become its potential advantage on its special taste. The 'Economics Week' mentioned that PEST is an acronym for political, economic, social and technological analysis. PEST Analysis is an excellent tool for managers and policy makers; assisting them in analysing the forces that are driving their industry and how these factors will lead their businesses and the whole industry in general. Therefore, (Albaum, Strandkov, Duerr & Dowd (1995, 46) says that it is ample to provide the essential environmental framework for subsequent problems of international marketing mix variables and the exporting products. Besides, distribution structure, geography, infrastructure, and technology levels are also the leading factors to the exporting. The purpose of macro-environmental analysis is to predict the size of opportunities and avoid the threats and make contingency plans for those threats as soon as possible, even better to provide a good measurement to challenge the competitors in the same environment, and thus becoming an outstanding enterprise.

Though, as Fengyuyi Co. makes efforts to export to Finland, not all macro environmental factors have a direct impact on it. Still, the elements are discussed to formulate a general understanding of the state of honey market in Finland. This information may be considered as an indirect potential benefit for the Fengyuyi Co., even for its future developments.

4.1.1 Political and legal forces

(Albaum, Strandskov, Duerr & Dowd, 1995, 59) states that the political/legal environment may have an influence on the behavior of business firms, but it is not belongs to the formal government policy. Political and legal systems provide a well-regulated economy environment, guide and control of international business and do assist for enlarging the developing market. Politics is the process of formation and distribution of power in society, is the art and science to gain power in a constitutional and non constitutional. Legal system is a system for interpreting and enforcing laws. If this two kinds of developments go to two different ways can be increase the risks when conducting business in foreign country.

It is clearly to know that there can be hardly any import restrictions in Finland for industrial products. However, Fengyuyi products export to Finland are subjected to the same regulations concerning their fitness for sale as goods produced in Finland. Therefore, it is essential for foreign manufacturers and suppliers to comply with the legal provisions, technical regulations and quality marks, which apply to their products.

Ratia (2010a) mentions that honey quality criteria are specified in a European Directive (1) and in the Codex Alimentarius standard (2), and also Commission Regulation (EU) No 10/2011 of 14 January 2011, on plastic materials and articles intended to come into contact with food. Based on the Europa (2010), the exporter countries should comply with Directive 2005/20/EC based on appendix1(8)which is regarding the composition and the reusable and recoverable nature of packaging and packaging waste.

Foodmate (2011a) points out that government is taking more serious management and announces a new Honey national food safety standards GB 14963-2011. Foodmate (2011b) describes a document of NY / T 1243-2006 of pesticide residues in honey (a)

updated in 2010. China offers GB/T 5009. 19-2008 (Foodmate, 2011c) which is the standard test of organochlorine pesticide multi residues to this industry. Food Safety (2010) mentions that EU Maximum Residue Limits (MRLs) in honey are listed in Regulation (EU) No 37/2010 for residues of pharmacologically active substances in honey (e.g. tau-fluvalinate and amitraz) and in Regulation (EC) No 396/2005 for residues of pesticides. Beside, Foodmate (2011d) points out that (EC) No 1881/2006 setting maximum levels for certain contaminants in foodstuffs also needs to obey. Honey imports are permitted only from countries that have an approved plan for monitoring of the groups of residues and substances. The list of the approved countries is attached to the EU Commission Decision 2004/432/EC (EUR-Lex Access to European Union Law, 2010).

Fengyuyi Co. must remember that Finland has certain reservations concerning CISG and Incoterms 2010 need to be taken into consideration. EU member States carry out regular import checks at the border inspection posts. Part of these checks could include laboratory analysis for presence for residues. The data of each lot has to be filled into the TRACES-system (Trade Control and Expert System by the European Commission) one day before the border inspection at the latest (Finnish Honey Market, 2008). And need to obey the import levies of Finnish safety food based on appendix 1(7).

On the other hand, for those organic honey, based on the organic farming (2010), exporting honey to Finland should comply with the new EU regulations of 2010 for the production, control and labeling for the organic products. It is necessary to learn the import regulation, council regulation and commission regulations. On the other side, Organic farming (2008) also says that importers must satisfy the EU organic logo or labeling, and should be inspected at least once a year to make sure abide by the regulation, which was supervised by each EU Member State.

Johnson, Thomas, Donna (2010, 22) says that ISO 9000 quality standards are becoming important for European Sales. In such condition, the Chinese honey need to apply for the EU organic logo and ISO 9000 if possible. Therefore, Fengyuyi Co, is full of challenge and believes that EU market is the potential market for Chinese honey since it is far of enough honey that can be offered in EU. Besides, Fengyuyi Co. also needs to meet the requirements of National Board of Taxes, intellectual property, legal framework, and Finnish Standards Association (SFS).

The export operators are subjected to all fields of laws, European Commission, individual member state and specific local regulations. Business operators obtain the various levels of laws which regulate business activities (Kotler 2002, 167). Even if Fengyuyi Co. doesn't tend to establish its facilities in Finland currently, it still has to be aware of the political and legal forces that regulate international trade. Thanks to Finland's steady politics, there are hardly any serious political risks that Fengyuyi Co. should be concerned of. However, Fengyuyi Co. has to master and manage to control by all regulations, laws in EU and Finland that affect the company's exports. Meeting the quality standards and technical regulations with review to products and raw-materials is essential for Fengyuyi Co. if it desires to step into the Finnish market. One extra indispensable aspect to take into account before honey exports to Finland is the environmental standards that regulate the packaging of the goods.

4.1.2 Economic forces

Albaum, Strandskov, Duerr and Dowd (1995, 47) refers that economic forces react on the international marketer by the impact they have on market potential. It also can be influenced by the infrastructure (e.g. communications, energy, and transportation facilities). The economic development has an influence on the benefits, costs, and risks associated with doing business in various countries. The operations need to be done as Romans do and have to know the development situation.

The CAI (2011) suggests that Finland has been one of the best performing economies within the EU in recent years and its banks and financial markets avoided the worst of global financial crisis. The recession of 2009 left a deep mark on general government finances and the debt ratio, turning previously strong budget surpluses into deficits. Despite good growth prospects, general government finances will remain in deficit during the next few years. In September 23th 2011, Tink tank Pellervo research institution of Finnish economy (Chinese Ministry of Commerce, 2011) says that due to the European debt crisis and other factors, the euro and Finnish economy will fall into “double dip” recession and the euro zone is expected to shrink at 2%, while for Finnish economy it will decline 1.5%. Thus, it might affect Finns to buy honey.

The CAI (2011) also claims that the great challenge of economic policy will be to implement a post-recession exit strategy in which measures supporting growth will be combined with general government adjustment measures. Longer-term, Finland must address a rapidly aging population and decreasing productivity that threaten competitiveness, fiscal sustainability, and economic growth. But as former situations, we hope the Finland economy can be recovered soon. At the same time, there is seldom influence to the Fengyuyi Co. when it exports its products into Finland.

4.1.3 Technological and infrastructural forces

Technological innovation is a powerful weapon to beat the competitors. It is also the ability to support a technological pioneer which is significant to success in the rival environment. Ratia (2010b) says that there is a permanent bee research at the Agricultural Research Center and varroa research is one part of the Nordic project. The investigation and beekeeping section at Jokioinen does research on *Varroa jacobsoni*, pollination, queen breeding and *Acarapis woodi*. Courses of basic beekeeping, diseases and queen rearing annually are founded by the Finnish Beekeepers' Association. The magazine "Mehiläinen" published for association members seven times a year (language Finnish, with occasional summaries in English

and Swedish) can be taken advantage of Fengyuyi Co.. In addition, Fengyuyi Co. can arrange someone to participate in the basic training of beekeeping, diseases and queen rearing annually, which can be compared with Chinese beekeeping.

Knowing that Finland is lack of bee research, which Fengyuyi Co. must learn the high technology of honey from other experienced countries, like Switzerland. The Federal Administration (n.d.) states that the optimum temperature for honey granulation is between 10 and 18°C. At higher temperatures honey crystallises more slowly. Most honeys stay liquid, if stored in a freezer. There are different methods for honey liquefaction. The most important one is heating, best at 40-45°C. Micro waves are not recommended, because they harm honey by overheating.

As Finnish persons pursue more natural products, Fengyuyi Co. has to make sure the honey products with high-tech, meeting the limited pesticide residue and without disturbing their nutritions, and being packed with more advanced and environmental package. However, with the view of sold honey products in Finnish market, Fengyuyi Co. should have to make a clear plan and good orientation to face the fierce and ruthless competition.

4.1.4 Social and cultural forces

The Finnish business culture is founded on high ethics and standards; the Finns keep their promises and follow rules and legislation. They are committed to a high level of integrity that corruption and bribery rate are has always been very low. In business negotiations, the Finns prefer remote and go rapidly to the point instead of small talks. The way of handling issues is straight forward. Sometimes the frankness maybe regarded as not polite, but after being accustomed to it, it can be feel easy. If you intend to sell products to Finnish partners, it is advisable to learn and respect what they value when doing business: efficient negotiations, explicit offers and terms, even quality, punctuality, as well as compliance with law, contracts and other specified

requirements. If the Finns find reliable suppliers, who see to safe and punctual deliveries and offer excellent price, quality, ethics relation, they plan to build long-lasting business relations. (Countries and their cultures, 2006.)

After successful business negotiations, Fengyuyi Co. must be able to operate according to the contract. As Finns respect punctuality, the Fengyuyi Co. should ensure production and delivery of the goods as stated in the contract. Being a reliable supplier is crucial at this step, as Fengyuyi Co. is a newcomer in Finnish market and competition is hard.

4.2 Finnish honey situation

4.2.1 Situation of beekeepers

Table 10: The general information of Finnish Honey Market Size (Ratia, 2010b)

Contents	Amounts
Number of beekeepers	3 500
Number of beehives	50 000
Average production honey	40 Kg
Average honey prices wholesale	/ NA/NC
Tonnes of exported honey	/ NA/NC
Tonnes of imported honey	1 150 T
Addresses of national associations	THE FINNISH BEEKEEPERS' ASSOCIATION (Suomen Mehiläishoitajain Liitto r.y.)
Executive Director	Heikki Vartiainen

The total number of bee colonies in Finland is about 50,000 with almost 3,500 beekeepers to keep them. Taking beekeeping as a hobby is more than 80% of all the

beekeepers. It's only 6% have more than 50 colonies and 2% professional beekeepers. (Ratia, 2010b.)

Ratia (2010b) states that the amount of professional beekeepers has grown during the last five years. It is about some 400 semi-professional and professional beekeepers (who he has more than 100 colonies considered as a professional beekeeper). The biggest beekeeper in Finland has over 1,000 colonies.

The first movable frame hive was imported in 1867 and the Langstroth hive in 1906. The first beekeepers appeared in the southwestern part of Finland and then emerged in south and central Finland. During the last decade beekeeping has spread to northeastern Finland. In the southern part of Finland, approximately 50% of the bees are still covered. However, beekeeping in Finland is being skilled is far from more. (Ratia 2010b.)

4.2.2 Finnish weather and bee plants

Honey Market in Finland (2008) supports that honey market is characterized by big fluctuations, relying on the weather conditions in Finland. In principle, all domestic honey been delivered, and imports are the flexible part of the market, filling the gaps in the domestic supply. And it may produce nosema, chalk brood, European and American foulbroods bee diseases.

As the Ratia (2010b) mentions that owing to the Gulf Stream, the climate in Finland is temperate and inconstant. It challenges beekeepers on the weather forecasting. The nectar collecting season is at its maximum for only two to three months, it usually sustains from the 15th of June to the 30th of July.

Spring rapeseed (*Brassica rapa*) is the broadly cultivated bee plant. In early May bees can gather the first pollen and nectar from the willows (*Salix*). The dandelion

(Taraxacum), raspberry (Rubus), rapeseed (Brassica), clovers (Trifolium), fire weed (Epilobium) and in some areas ling heather (Calluna) are the main honeys. Honeydew honey is not important. (Ratia 2010b.)

4.2.3 Market size

As Honey is prevailing in Finland, and could be applied basically in every household. Statistics Finland (2011) shows that the population is 5.37 million inhabitants. Honey market in Finland (2008) says that 5.35 million inhabitants in 2.5 million households. Honey is not encouraged to use for the children under one year of age. Approximately 60,000 children are born each year. Honey consumption in Finland is 580 grams per capita, i.e. 3.1 million kilos per year. Thus, it is provided a huge capacity for Fengyuyi Co. to develop the potential customers. And the honey market in Finland increased at a compound annual growth rate of 1.1% between 2004 and 2009..

4.2.4 Domestic production and exports/imports

It is said before that the differences in the domestic honey production are big changed based on the weather. Finnish Honey Market (2008) shows that in the past 15 years, the annual domestic production has reached between 0.8 and 3.0 million kilos, taking up 35-90 % of the consumption and 67 % in the average. In 2008, the production arrived at 1.5 million kilos. The majority of 2,600 Finnish producers are packed with small scale, owns with less than 10 beehives, and the total amount of commercial beehives is only exists 42,000. The average production has a leap in 2008, the average production per beehive was increased to 36 kilos. Ratia (2010b) points out that the total Finnish honey crop has varied around 1,800 tonnes annually (1995: 2,100 tonnes, 1996: 1,100 tonnes). Average production per colony for the whole country is usually 40 kilos in 2011.

In 2008, the average annual imports usually come from Central and South America with the amount 0.9 to 1.0 million kilos. About 66.7% of the imports flood into Finland is from Germany and Denmark while Hungary's share is between 5 and 10 percent. (Finnish Honey Market, 2008.)

It can be seen Chinese honey is seldom to be imported to Finland. It presents a huge risk for exporting Fengyuyi honey to Finland as Finns are keen on their kind of honey and enjoy the ones from Germany, Denmark, and Hungary. But Fengyuyi Co. can be a largest potential supplier for Finnish market as it is shortage of honey each year.

4.2.5 Competitors' analysis

Table 11: Examples of honey competitors in Finland based on visits to S-market, K-market, K Citymarket and Prisma in 2011

COMPANY NAME	BRAND NAME	ORIGIN	WEB ADDRESS
Mesimestari Tmi	Mesimestari	Finland	http://beekeeping.honeypaw.fi/The-Company.php
	Voi hyvin-hunaja	Finland	http://www.voihyvinhunaja.fi/
MICHAUD Nordic Distribution AB	Lune de miel	Sweden	http://www.lunedemiel.se/
Ruokakesko oy	Pirkka	Finland	http://www.pirkka.fi/
Korpiahon Hunaja Oy	KORPI AHON	Finland	http://www.korpiaho.net/english/
Inex Partners Oy	RAINBOW	Finland	http://www.rainbow.fi/
Jakobsen A/S	Jakobsen	Scandinavia	http://www.jakobsens.com/
Hunajainen SAM Oy	SAM	Finland	http://www.hunajainensam.fi/
	Unkarilainen Hunaja Rainbow	Finland	http://www.rainbow.fi
Hunajayhtymä Oy	Mieleinen	Finland	http://www.mieleinen.fi/index.php
	Suomalainen Kukkaishunaja		http://www.hunaja.fi/
	Ti-Ti Nalle		
	Hunaja		
	Siloinen		







Seen from table 11, we can be informed of that Finnish honey is popular than other countries' honey. The honey of Jakobsen originates from Scandinavia and Lune de miel comes from Sweden. Others (e.g. Mesimestari, KORPI AHON, Mieleinen and SAM) play an essential and active role in the Finnish honey market. Honey Market in Finland to 2014 (2011) supports that Hunajainen SAM Oy is a leading player. Searching the information by scanning their website, it is obvious to discover their own advantages. The website of Hunajainen SAM Oy (2011) is very rich, where provides customer aroma honey, honey with lemon, even how to make dishes, desserts, sweet sauces with their honey. It believes that it is a charming way to expand loyal customers. In 2007, the company published a honey book with introducing 300 honey recipes and answering to all the possible questions to honey. This movement enhances the reputation of Hunajainen SAM Oy.

Based on Korpihön Hunaja Oy (2011), Korpihön Hunaja Oy is located in Eastern Finland. They provides food products (including flavoured honey, honey caramels, honey mustard), sauna and bath products (including sauna honey, steam aromas, skin and hair care products) and beeswax candles. The company has cooperation with other retailers that is they only offer products to the retailers and packed with retailers' labels. Three hundred beehives are cultivated, and extra honeys are bought from Finnish beekeepers. The company takes care of environment and requires for high quality with meeting the EU standards and following the Finnish "Joutsenlippu"-standard.






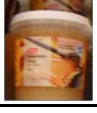







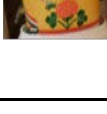
According to Mesimestari Tmi (2011), Mesimestari is a family business with about 1000 own hives, packs 160 tonnes of own and outsourced honey. The superiority of the company is that it has developed a new pollen collector work with Honey Paw styrofoam box and bottom. From it, it's easier now to recognize larvae and see in which the wax has been spread out.

The Jakobsens A/S (Jakobsens, 2011) is a leading Scandinavian honey producer. The company focuses on using conventional, organic, and fair-trade with its private label. Jakobsens is a BRC standard grade A certified company, one of the most comprehensive and internationally acknowledged quality standards. Jakobsens has won the authority of manufacturing organic honey issued by Danish regional veterinary and food administration centre according to the Council Regulation 2092/91 of 24 June 1991. This honor wins a lot of reputation and plus sharing some recipes, it is a better way for attracting customers.

Table 12: The various honey prices in different companies in Finland in 2011

DISTRIBUTION CHANNELS	BRAND NAME	WEIGHT (g)	PRICE (Eur)	PRICE Eur/Kg	TIME OF PHOTO	PHOTO
S-market	SAM Juokseva Hunaja	500	4.42	8.84	21.10.2011	
K Citymarket			4.79	9.58	16.9.2011	
K-market			4.39	8.78	10.6.2011	
S-market	SAM Juokseva Hunaja	450	3.55	7.89	21.10.2011	
Prisma			3.79	8.42	9.6.2011	
K Citymarket			4.3	9.56	16.9.2011	
K-market			3.79	8.42	10.6.2011	
K Citymarket	SAM Kukkaishunaja	200	2.39	11.95	16.9.2011	
Prisma			2.35	11.75	9.6.2011	
K Citymarket			3.75	8.33	16.9.2011	
S-market	SAM Aroma Hunaja	250	3.39	13.56	21.10.2011	
K Citymarket			3.49	13.96	16.9.2011	
Prisma			3.69	14.76	9.6.2011	
S-market	Hunaja & Eucalyptus	250	3.79	15.16	8.3.2011	
K Citymarket			3.78	15.12	16.9.2011	
Prisma			3.69	14.76	9.6.2011	
S-market	SAM Juokseva Hunaja	250	3.34	13.36	8.3.2011	
Prisma			3.34	13.36	9.6.2011	

S-market	SAM Reilunkaupan hunaja	250	3.3	13.2	8.3.2011	
Prisma			2.99	11.96	6.2011	
K Citymarket			3.72	14.88	16.9.2011	
S-market	SAM Gourmet Hunaja (Italia juokseva)	350	3.62	10.34	21.10.2011	
K Citymarket			3.65	10.43	16.9.2011	
S-market	SAM Gourmet Hunaja (Aasia)	350	3.62	10.34	21.10.2011	
K Citymarket			3.95	11.29	16.9.2011	
K Citymarket	SAM Gourmet Hunaja (Mexico juokseva)	350	3.78	10.8	16.9.2011	
S-market	SAM Kesäkuk Hunaja Luomu	250	3.55	14.2	8.3.2011	
K Citymarket			3.65	14.6	16.9.2011	
Prisma			3.45	13.8	9.6.2011	
K Citymarket	Crazy Jack Siirappi (luomu reilu kau)	340	3.43	10.09	16.9.2011	
S-market	SAM Kultakenno Appelsiininkukka hunaja	250	3.25	13	8.3.2011	
K Citymarket			3.16	12.64	16.9.2011	
Prisma			3.19	12.76	9.6.2011	
S-market	SAM Kultakenno Appelsiininkukka hunaja	250	3.25	13	8.3.2011	
K Citymarket			3.29	13.16	16.9.2011	
Prisma			3.19	12.76	9.6.2011	
K Citymarket	SAM Kultakenno (akaasihunaja juokse)	250	3.29	13.16	16.9.2011	
Prisma			3.19	12.76	9.6.2011	
S-market	Puolukk hunaja valmiste (Korpiahon)	250	4.15	16.6	8.3.2011	
K Citymarket	Korpiahon Suomi hunaja	250	4.08	16.32	16.9.2011	
K-market	Korpiahon Sitruuna hunaja	250	3.35	13.4	10.6.2011	

K-market	Suomi hunaja Juokseva	250	3.78	15.2	10.6.2011	
K Citymarket	Korpiahon hunaja	440	3.88	8.82	16.9.2011	
K-market			3.49	7.93	10.6.2011	
K Citymarket	Voi hyvin hunaja (luomu)	250	3.36	13.44	16.9.2011	
S-market	Pirkka Hunaja	360	3.11	8.64	21.10.2011	
K Citymarket			3.09	8.58	16.9.2011	
K Citymarket	Pirkka Hunaja (Juokseva)	500	3.29	6.58	16.9.2011	
K Citymarket	Pirkka hunaja	450	3.99	11.08	16.9.2011	
S-market	Pirkka Hunaja	450	3.61	8.02	21.10.2011	
K Citymarket			3.65	8.11	16.9.2011	
S-market	Monikukkahunaja (Jakobsen&Hvam A/S)	700	4.85	6.93	8.3.2011	
Prisma			4.79	6.84	9.6.2011	
S-market	Kotitarha	500	4.99	9.98	21.10.2011	
S-market	Pehmeä hunaja	500	4.7	9.4	8.3.2011	
Prisma			4.7	9.4	9.6.2011	
S-market	Mesimestarin pehmeä (hunaja)	350	4.49	12.83	8.3.2011	
K Citymarket			4.13	11.8	16.9.2011	
K Citymarket	Mesimestarin juokseva (hunajavalmiste)	350	4.38	12.51	16.9.2011	
S-market	Suomalainen Kukkaishunaja	450	4.25	9.44	8.3.2011	
K Citymarket	Hunajayhtymä (monikukkahunaja)	450	3.25	7.22	16.9.2011	

K Citymarket	Hunajayhtymä suom perint	200	2.19	10.95	16.9.2011	
S-market	Kevythunajavalmiste	340	4.45	13.09	8.3.2011	
Prisma			4.39	12.91	9.6.2011	
K Citymarket			4.5	13.24	16.9.2011	
S-market	Hieno Hunaja	400	3.65	9.13	8.3.2011	
S-market	Unkarilainen Kukkaishunaj (Golden)	500	3.56	7.12	8.3.2011	
S-market	Kukkaishunaka Reilun Kaup (Lune de miel)	250	3.34	13.36	8.3.2011	
S-market	Kukkaishunaja (Lune de miel)	1000	6.98	6.98	8.3.2011	
Prisma			6.85	6.85	9.6.2011	
S-market	Unkarilainen Hunaja Rainbow	450	3.1	6.89	8.3.2011	
Prisma			2.99	6.64	9.6.2011	
S-market	Monikukkahunaja	360	3.11	8.64	8.3.2011	
Prisma			3.99	11	9.6.2011	
S-market	X-tra Hunaja	450	2.58	5.73	8.3.2011	
S-market	Hunaja Suodatettu Suomal (Hunajayhtymä)	350	4.49	12.83	8.3.2011	
Prisma			4.49	12.83	9.6.2011	
Prisma	Juokseva Hunaja (TI-TI NALLE)	350	4.49	12.83	9.6.2011	

Table 12 shares the different honey brands in S-market, K-market, K Citymarket and Prisma in four different periods. The price was changing following the varied time. And the same product in four kinds of distribution channels could be in disparate price.

SAM Juokseva Hunaja in S-market was 7.89 Euros per kilogram in 21th October, 2011, but in July of the same year in Prisma and K-market, it arrived at 8.42 Euros per kilogram, while it peaked at 9.56 in September of K Citymarket. As well as Kevythunajavalmiste, it took up three unlike price 4.45 Eur/Kg, 4.39 Eur/Kg, 4.5 Euro/Kg respectively in S-market, Prisma, K Citymarket.

From the vertical aspect of price, it realizes that the price of SAM contained almost all the honey price forms. It started from 7.89 Eur/Kg of SAM Juokseva Hunaja and ended with 15.16 of Hunaja & Eucalyptus (Eucalyptus Honey) except two kinds of honey Puolukkahunajavalmiste (16.6 Eur/Kg), Korpihön Suomi hunaja (16.32 Eur/Kg) which were the highest price among all diverse honey. It can be calculate that SAM launched more products in these four distribution channels. There were 43 kinds of different honey in the table 16, and 14 sorts of honey belong to the Hunajainen SAM Oy, occupied about 33%, it reflected indirectly that this company was the leading player in Finnish honey market.

From all the pictures I taken, it can be found that all the packages normally were plastic and only five kind of honey was packed with glass. The packaging of SAM Kultakenno Appelsiininkukkahunaja (SAM Gold Orange blossom honey) was lovely and seemed as a high level of consumption. Among all honey packaging, Kukkaishunaja (Lune de miel) was presented by putting into bag, which offered quite lower price with about 6.85 Euros in 1000 grams. Besides, the flexible pipe for packing honey also can be put into. The shapes of the whole honey are delicate and enjoyed by customers.

Combine all the information, Fengyuyi Co. can take advantage of plastic bottles (weighed 200g, 250g, 350, 450g, 500g) as their packages. And using of plastic packaging can be benefit from transportation which reducing its breakage rate. The price is decided to change from 8.00 Euros to 12 Euros per kilogram while the shape of the packaging can be designed out in the later period.

4.2.6 Market prospects

The consumption of honey in Finland has been quite steady in the two decades. As the household income begins increasing again, the honey consumption can be expected to rather increase slightly than decrease, thus it is a good market prospect. (Finnish Honey Market, 2008.)

The buyers in the retail groups are extremely keen on high quality and product safety. They do not want to face any illegal cases like use of antibiotics in the production. As the international environment is full of diversity and complexity, it is necessary to do research to make a precise product positioning and choose the right way of market entry. It can be taken advantage of appropriate strategy and dig out the potential development and seize the international business opportunities (C. Samuel Craig, Susan P. Douglas, 2005, P10).

Based on the interview of two shop assistants of natural products, one was done by Nelli Pajunen, Tarja Saari and Elina Lahti in Luontaistuote, and another was done in Life. Fengyuyi Co. can learn that customers in Finland prefer glass bottles to plastic bottles. There are existed pollen products, skin care products already, like Bio bzz body lotion, bee wax, cream and lipcare. They all are produced in small companies. It means Fengyuyi Co. can compare with these small companies and generates more extended bee products. According to the two interviewers, it is shown that Chinese honeys are rarely launched in Finland. This can be a risk and challenge for Fengyuyi products exporting to Finland. Two principals also claim that excellent quality and organic products nowadays tend to be attractive for customers as these products are good for skin problems and immunities. Royal can reduce blood pressure is usually for those persons who have climacteric. Normally, the bee products prevail among women. The young ladies are keen on the bee pollen.

In the light of two interviews of Kouvola, it can be seen that Finland hardly has promotion concerning honey product, so Fengyuyi Co. can figure out the efficient activities to make a feedback loop, which could be promotion buying two get one free, or can have the honey or other bee products provided as rewards in some occasions and events. It is possible Fengyuyi Co. can have products exported to other EU countries under the European Union economic integration agreements. Finnish Honey Market (2008) says the average consumption in the European Union is 700 grams per capita in 2008, which means it is a large market share in EU.

4.2.7 Distribution channels

The distribution channels can be multiple. Hypermarket/supermarket chains lead the Finnish food retail trade. The amount of small specialty food stores is limited, compared to southern Europe.

Finnish Honey Market (2008) mentions that the biggest chain is S-Group, a consumer cooperative SOK. Their buying organization is Inex Partners Ltd. Second ranking is K-Group (Kesko Corporation as the central company, K-retailers operating the retail stores). Ruokakesko Ltd. carries out the food business. While Suomen Lähikauppa Oy (“Finnish Neighbourhood Stores”) is focusing on smaller supermarkets, occupies a market share of around 11%, operated by Tuko Logistics Ltd. Meanwhile Lidl, Stockman department stores (also buying through Tuko) are smaller operators, some box store chains and two major wholesalers, Heinon Tukku and Metro-Tukku serving mainly smaller supermarkets outside of the big chains. According to Invest in Finland (2011), the total sales of daily consumer goods in Finland amounted to EUR 14.5 billion in 2010, which was the same as in 2009. The S-Group’s market share increased by 0.9% to 44.1%, while the K-Group’s market share increased by 0.8% to 35%. Suomen Lähikauppa Oy had a market share of 9% and Lidl 4.8%.

On the basis of Luotaistuote and Life's interview, the third method is to discover purchasers or agents through the Internet, TV, and newspapers. The Nature Media Oy which is as a supplier to the natural products, it also can be as an agent to help Fengyuyi Co. to open the new market, or even if possible, Fengyuyi Co. can exporting their products to the Nature Media Oy as a manufacture or raw material supplier. In addition, other three suppliers, Hankintatukku Oy, Biofarm Oy, Oy Valioravinto Ab, they all provide natural products, create products that promote health, well-being, and improve living environment for domestic and production animals. Fengyuyi Co. can contact with them, and try to be a partner with them.

5. BENCHMARKING OF HANGZHOU GREEN FOREVER APICULTURE COMPANY

It says (Patterson, James GK, Kay M & Ralph 1995) that benchmarking is a useful quality tool helps company continually enhance its processes by learning how others do. And the core of benchmarking is the concept of learning and sharing. Before benchmarking, the first action is to evaluate the own operation's processes to identify weaknesses and strengths; then must identify, study and adapt from others who may be doing it better. Absorbing and exploiting the advantages of competitors and combine with Fengyuyi Co.'s own strength can boost the penitential development and maximally cut the risks.

5.1 Company introduction

Hangzhou Green Forever Apiculture Company was formerly named Hangzhou Green Forever Bee Farm. It was created in 1970 and had a registered capital of €3.15 million. The company specializes in bee farming, production, test, domestic sales and export. The products include honey, royal jelly, lyophilized royal jelly powder tablets, propolis, bee pollen, and bee wax. This company is powerful in both finance and technology. The company wins a profound and lasting reputation domestic and overseas based on the high product quality and good business reputation. The annual

export is as high as €14.77 million. Ninety percent of Green Forever Apiculture Company's products are sold to developed countries such as the USA, Britain, France, Japan, Spain and Germany. Hangzhou Green Forever Apiculture Company is the only company in Zhejiang that is able to export honey to EU. Over decades, the company has followed the business idea of "all members are taking part into the action promise to satisfy all the customers by making the first-rate bee products and keeping innovating". The company has received high remarks from their consumers, won a high reputation and obtained the all sorts of awards. (Tang, 2011.)

For the sake of reinforcing sourcing management for bee products, the company has complied with the way of "leading company· cooperatives· bee farmers" in business operation. In 2000, the company passed ISO 9000:2000 International Quality System Certification and organized bee farmers of Zhejiang, which created the first bee farm cooperatives nationwide. This means that the company has become one of the biggest bee farms in China. It carries out unified management for all bee farmers in the bee farm cooperatives. Besides, such company introduces in high-yield bee breeds, which contains those bee farmers becoming the professional beekeepers, shows a standard and a large production scale in business operation. On the basis of the good sourcing management and retroactive system, the bee farm of this company has passed organic food certification of the EU and received the title of green bee farm. (Tang, 2011.)

5.2 Characteristics of Green Forever Apiculture Company

Full equipped quality centre

The trading business principal, Tang Ting said that the laboratory of the company was established in 1991. There are seven researchers in the laboratory for researching the pesticide residue and other relevant factors for exporting. They tend to develop much more knowledge of bee products, and find the best way to prevent the antibiotics. The company has the strong examination power, including the CHARM II from United

States and Multiskan MS from Denmark which are used to inspect the honey antibiotics. In addition, it is also armed with the HPLC for inspecting the 10-HAD of Royal Jelly and other relevant indicators. (Tang, 2011.)

Apiaries, Bee Farms

Hangzhou Green Forever Bee Farm was founded in 2000 and is one of the earliest bee farms in China. Over years of hard work, the farm now consists of 518 bee-raising households with 3,146 people and 132,225 colonies, including 76,619 colonies in close cooperation with the farm and 55,606 colonies in loose cooperation. Green Forever has become one of the biggest bee farms in China. The management of Hangzhou Green Forever is clearly aware of producing safe bee products which has considered the ingredient as the most important thing. Therefore, the company emphasizes the management of the beekeepers to ensure their bee products fit to both Chinese and overseas quality standards. The company has filed the information of all beekeepers of the farm and given strict training and normative instructions to all registered beekeepers. When honey-gathering season comes, professional managerial staff will go to bee houses to manage the operation so that every batch of bee products is safe. It is also the company original intention to found its own bee farm. (Tang, 2011.)

Introduction of products

Hangzhou Green Forever Apiculture Company has had the production experience of bee products for 41 years. The company has the large production ability. It is one of the biggest professional bee products enterprises in China. The company obtained the right of import and export power in 1996. In 2010, the main exporting products were honey, fresh royal jelly, royal jelly powder tablet, bee pollen, bee propolis and bee wax. At the same year, the honey export volume reached above 10,000 tonnes; fresh royal jelly export volume arrived at more than 100 tonnes, royal jelly power tablet

export volume was beyond 50 tonnes, bee propolis export volume was between 20 to 30 tonnes, and bee wax reached above 200 tonnes. (Tang, 2011.)

The research centre continues to work on all-around research development to the bee products, and successively researched the Green Forever Lyophilized Royal Jelly Tablet, Green Forever Lyophilized Royal Jelly Capsule, Beekeeper Lyophilized Propolis Tablet, Beekeeper Neo Propolis, Beekeeper Pure Pollen Tablet, Beekeeper Lyophilized Royal Jelly Capsule, Beekeeper Neo Queen Bee Grub Capsule, Beekeeper Lyophilized Drone Chrysalis Capsule and the Propolis Capsule etc., which were deeply keen on by the large consumers after throwing in the market. (Tang, 2011.)

Export Circumstances

The bee products include honey, royal jelly of the Green Forever company exported to Europe, United States, Japan, Southeast Asia and the other place. The products possess the higher popularity in the international market. (Tang, 2011.)

Based on the interview with Tang (2011), it can be learned that the company usually export Vitex honey and Linden honey to Europe, and transport Acacia honey to Japan, while exporting Rape honey to Southeast Asia and Africa.



Figure 9: The Different Exporting Countries for Hangzhou Green Forever Apiculture Company (Tang, 2011.)

Green Forever Company takes part in the international exhibition and takes advantage of Alibaba English website and Global Sources. Common way is that using E-mail, EMS, telephone these communication tools to make some transactions. The trade terms like CIF and CNF are often taken by such company. In addition, bill of lading, invoice, packing list and other materials are needed to be well prepared. (Tang, 2011.)

When exporting, it's no doubt that the company will meet some difficulties, Tang (2011) says that the honey in China usually meet at the low price when exported but with high cost on inspection. What's worse, it belongs to the low-end products in the new market, which were cut sharply on the competition. Contemporary, the package requires solid wrap. All the bottles and boxes are needed to resist and pass the experiment of being fall down.

The Brand

The Beekeeper brand was founded in 2004. After seven years, it has already formed a solid and deeply good brand in consumers' minds. The brand shows a diligent,

practical, indefatigable image of Green Forever Apiculture Company. It is the objective way to show such company is a leading enterprise. The company believes that the brand of Beekeeper can offer the healthiest product with superior quality through their own apiary. (Tang, 2011.)

The Bee Museum

The bee museum of the company is a special features scenery line in the company. The staff can guide customers to visit the bee yards, telling them about bee stories, and presenting some pictures of bee and with beekeepers work. All visitors can realize the hot diligence of the bees work, acquire the knowledge of the origin of bee products, and learn the health care of bee products. (Tang, 2011.)

6. IMPORTING HONEY TO FINLAND

6.1 SWOT analysis of Fengyuyi Co.

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. Helms, Marilyn M; Nixon, Judy (2010) agreed that SWOT analysis is as a tool for planning purposes and as a methodology for strategic positioning. SWOT research in the former years has concentrated on analysing organizations for recommending strategic actions. Friend, Zehle and Stefan (2004) pointed out that the using of SWOT analysis is the objective of achieving the optimal match of a firm's resources with the environment in order to gain sustainable competitive advantage by: building on a firm's strengths; reducing weaknesses or adopting a strategy that avoids weaknesses; exploiting opportunities, particularly using the firm's strengths; reducing exposure to or countering threats.

Fengyuyi Co. SWOT analysis is based on the world honey business, receives a great deal of information of the measurement indicators when exporting, especially in the EU honey market, and normally what already happened in Chinese honey market

situation. Fengyuyi Co. should be able to learn from the Hangzhou Green Forever Apiculture Company, make a concluding of all the exporting problems which will be met in the world situation, then, enact an exact orientation of its own strength, weakness, opportunities and threats when exporting. Fengyuyi Co. can better understand how strengths can be leveraged to realize new opportunities and understand how weaknesses can slow progress or magnify organizational threats.

Strengths

- ✚ Having a good brand reputation in Zhejiang province, offering the method of test measures, field test, it is a way to disseminate the method of how to differentiate the fake and the real honey, which is a great way to improve the brand value and satisfy the customers by providing the high quality products and a convincing manner.
- ✚ High credit standing of bank loan can be easily to be provided a loan.
- ✚ Rich resources can be operated when needed every time, as Fengyuyi Co. owns about 36000 swarms and has a team of 165 experienced households equipped with advanced technology for administration and guidance, thus can be a advantage for exporting.
- ✚ EU consumers have a preference for light colored, clear liquid honey with a mild taste, especially for most Finnish consumers they prefer creamed honey. Monofloral honeys, like acacia, are becoming more popular in the EU. Besides, demand for these monofloral honeys is increasing at the expense of blended honeys (CBI, 2009). Thus, Acacia honey can be exported to Finland as it with light color, and can be creamed if it is not very pure with monofloral. The wild osmanthus honey is also with light color and is a kind of creamed honey, which is considered the latent honey in Finland.
- ✚ It has a lot of distributors in China, and can obtain the different area of Chinese market.

- ✚ The Fengyuyi Co. participates 64 exhibitions each year, which can explore the target market in China, or even in foreign country. And it is recruiting the joining trader.
- ✚ There are 27 series of honey sold in Fengyuyi Co., which can be offered more choices for the customers and increase the challenge strength.

Weakness

- ✚ The detecting techniques in Fengyuyi Co. belong to the easier fields, and if some high detecting techniques wanted, which needs to be done in the special way, like the test of chloramphenicol residual, which needs to be done in the Zhejiang Bureau of Quality Supervision, the Fengyuyi Co. would stick into the dilemma. Such technique has a far more distance compared to the Green Forever Company, even to the EU's requirements.
- ✚ The company is lake of exporting experience and international communication.
- ✚ The company is so small without strong ability to direct exporting as it is short of exporting documents. Thus, the company needs to find the foreign trade corporation to assist or apply the right of import and export.
- ✚ In Finland, there is no principal who can be responsible for the Finnish market. And how to find a principal, getting more information becomes a problem. Only what they can do is searching through the Internet. Finding the suitable person to translate Chinese to Finnish or Swedish regarded as another question.
- ✚ When exporting to the Finnish market, as there are five of Fengyuyi Co's packages made of glass, which can cause damaged in the course of transportation, the cost of honey may increase a lot.
- ✚ There are only a fewer marketing staff. And both the old staff and new staff need more experience and especially for those new ones.
- ✚ Fengyuyi Co. mainly focuses on the Alibaba website, which is simple but not very charming. Therefore it needs developing and to create English website like Amazon, Global Source or Ebay.

- ✚ As the company has no bee museum, it cannot be visual to show the bee culture to the consumers, and cannot tell the consumers directly to move them and acquire what will be the healthy bee products.

Opportunities

- ✚ In Kouvola, there is only little light honey sold in the supermarket, so Fengyuyi Co. can develop new honey products. Besides, Fengyuyi Co. can dig out other bee products like royal jelly, pollen and propolis. Gradually, this company can bring in more extended bee products, like the royal jelly can be made as Beekeeper Lyophilized Propolis Tablet, Beekeeper Neo Propolis, Beekeeper Pure Pollen Tablet, Beekeeper Lyophilized Royal Jelly Capsule, Beekeeper Neo Queen Bee Grub Capsule, Beekeeper Lyophilized Drone Chrysalis Capsule and Propolis Capsule etc.
- ✚ When compared with Hangzhou Green Forever Apiculture Company, prize meets with its own nature. But the prize of Green Forever Apiculture Company like awarded “one of the top-100 export companies of Zhejiang” and “agricultural leading company of Zhejiang”, and two practical things that the company has passed organic bee product certification of CSI GmbH, Bremen, Germany in June of 2005, and has passed green agricultural product certification of the Ministry of Agriculture in 2006. Fengyuyi Co. can export more organic honey to Finland, as it is popular and with high price than normal honey.
- ✚ It needs to recruit new sales manager who are responsible for the Finland market, as well as restructure the sales force.
- ✚ Have a tight relationship with foreign trade corporation, it can be considered as a medium when exporting.
- ✚ It is necessary to carry out the advanced sales training for the staff, especially for the new staff.
- ✚ Parent company is investing in new marketing department and recruiting the joining trader.
- ✚ Attending to international exhibitions such as Finnish Fair, it can find more special joining trader and easily to dig out the new and stranger market.

- ✚ Launching the honey to the bakery, confectionery and cereal industries, it is also a big honey market in Finland. Honey is used widely in baked goods. And the moisture-absorbing quality of honey helps breads, cakes, cookies and candies stay fresh longer. (CBI, 2009)
- ✚ Honey can also be used for making honey wine and several after-dinner liqueurs. Fengyuyi Co. can combine with some wine making companies which own good reputation.
- ✚ Although industries using honey including the tobacco and pharmaceutical industry is a small part of the total demand for honey, it seems a potential honey tendency in the future (CBI, 2009). So if possible, Fengyuyi Co. can discover the tobacco and pharmaceutical industry as other competitors don't take care of it, so Fengyuyi Co. can be leading in this industry.
- ✚ Considering imports alone, the EU is the major market for beeswax in the world, accounting for a third of global imports in 2006 (CBI, 2009). Fengyuyi Co. can export its own beeswax as before it usually been sold to domestic market.
- ✚ Honey types which are in shortage of supply are monofloral honey and wild blossom honey (CBI, 2009). Fengyuyi Co. can dig out such kind of honey which can be welcome in Finland.

Threats

- ✚ High velocity of money and sometimes the Fengyuyi Co. is lack of money.
- ✚ The market of monofloral honey is small in EU (as estimated at less than 10% in 2009), Fengyuyi Co. has more than 15 monofloral honey. Even the monofloral honey's demand is increasing, it still cannot be compared with the blended honey. So if wanted to be exported into Finland, how to mix sources and create honeys with a mild taste becomes a challenge. (CBI, 2009.)
- ✚ China is considered as a challenging exporting country as it has low labour force and may be met with anti-dumping. In addition, it is deemed as that China has large population but with bad environment, so that honey is not pure as produced in Finland or other EU companies.

- ✚ Chinese honey has some residuals and EU offer a higher threshold for importing Chinese honey and high import duty. Chinese honey exists the honey contaminated by chloramphenicol and other prohibited substances. Chloramphenicol is an antibiotic which is used to cure sick bees, but which can also cause a fatal blood condition in susceptible individuals, called aplastic anaemia. (CBI, 2009.)
- ✚ As Chinese honey has the cases as honey laundering to America, Fengyuyi honey may be not welcomed at the first time.

6.2 Two ways to export

As the exporting company needs to have the right to export and import, and relevant exporting documents, Fengyuyi Co. has no right to export and no relevant experience. Then, it forms two kinds of ways of solving problems. Option A is the company can apply import and export right and then can export by itself. Option B is to find an intermediary, a trading company, to conduct the exporting process as it is familiar with the field of exporting operation.

6.2.1 Apply for the import and export right in China

The conditions for applying for the import and export right in China

Register Representative (2010) maintains that the enterprise should already be the legal enterprise with the State Administration for registration, a business license. But also registered capital should reach at least 55,000 euro, it should be registered in the tax registration, and the legal representative or principal of the import and export enterprise continues to work and never be revoked in three years based on the Xi (2006). Register Representative (2010) points out that two successive years of annual sales revenue, export availability arrives at the amount of 5.88 million euro and 11.76 million euro; What's more, the import or export business must be with the necessary professionals.

The process of applying for the export qualification

Based on the text of “Application of import and export flow” in China registered company network, the network is to help persons to establish funded company, corporation with foreign capital, and Hongkong company. It is a good website to help operators conduct the registration of how to apply for export rights, and it is noted currently that no charge for this matter. (China registered company, 2007.)

When applying for export right for foreign trade companies which want to export on the registration procedures, the first step, those companies should log on the website: <http://iecms.ec.com.cn/iecms/index.jsp>, fill out the "The registration form of operators" (hereinafter referred to as the "Registration Form"), submit after the success, the system provides the serial number, record this number and enter the print. In the second page, the "Registration Form" printed should cover the company's seal, signed by legal representative. It should be ensure that the content is complete, accurate and true and know well of the back of the terms of "Registration Form". (China registered company, 2007)

The second step, after logging on, according to the China registered company (2007), the following written materials has to be handed to the registration authority.

- 1) Finnish filling out the “Registration Form” based on the step 1;
- 2) Be ready for a copy of the original business license;
- 3) Be prepared for the copy of the original of certificate of institutional framework code;
- 4) If Fengyuyi Co. has been invested by the foreigners, it also needs to hand in the approval certificate of foreign-invested enterprises;
- 5) The individual business (sole proprietor) must have a business registration according to the law, should submit notarial certification of property produced by the legal notary office; the foreign legal enterprise must have business registration and

should submit the capital credit certificate issued by the legal notary office.

The third step, all the written materials should be submitted in five days. (China registered company, 2007.)

The fourth step, the foreign trade companies which plan to export should continue to complete the further procedure of the foreign trade business in 30 workdays after obtaining the sealed “Registration Form” with the local customs, Exit Inspection and Quarantine of P.R.C, FECB (Foreign Exchange Control Board), tax bureau and other relevant departments. The “Registration Form” loses the effectiveness automatically once exceed the required time. If failed the application, those applied companies should go to Beijing Commercial Bureau to re-take the “Registration Form”. (China registered company, 2007.)

The way of changing the procedures for applying exporting companies

If the content of “Registration Form” is changed, the applied companies should hold the office issued original documents of “Registration Form” and also complete the new “Registration Form” in 30 days as the “Registration Form” would be cancelled automatically once exceed 30 days. If the company name, address, legal representative, and other correlative elements changed, it should be handed in the changed copy of the original business license, and the copy of the original of certificate of institutional framework code, and one should also download and fill out the completely “Registration Form” with seal. (China registered company, 2007.)

All of the above work relate to complex departments and longer procedures. It also can authorize a professional agent to operate, for example, Shanghai Yusheng Enterprise Registration Agent Limited Company, which has rich experience on application. Its website is <http://www.2008-fuwa.cn/>. (China registered company, 2007.)

Rights and obligations

Owing to China registered company (2007), it has been approved by the import-export right of private production enterprises and enjoys the rights and the obligations it undertook as follows:

- 1.Can be directly engaged in the import-export business;
- 2.In approving the import and export business within the enterprise can operate self-produced products export business operators in the production, research the necessary machinery and equipment, spare parts, raw and auxiliary materials import and export businesses.
- 3.Can apply to join the import and export trade associations, participation in national and local departments in charge of foreign trade organizations of the foreign trade and economic activities, and the country's foreign trade policy and the policy guidance;
- 4.Abide by relevant state foreign trade policies and laws and regulations;
- 5.Acceptance of foreign trade and import and export sector will tick of supervision, management and coordination;
- 6.Positive foreign exchange earned through exports.

6.2.2 Find an intermediary

Profile of an intermediary of Zhejiang Spring Trade Co., Ltd. (Zhejiang Spring Trade Co., Ltd.)

Zhejiang Spring Trade Co., Ltd. was a foreign trade company, stands at Yiwu, Zhejiang, set up with a registered capital of more than 2.35 million euro in 1998 and filled with integrated import and export qualifications. With long years' international trade cooperation, Spring Trade Co., Ltd. has created a professional trade service team armed with mature service system which provides customers with various kinds of professional service, such as procurement agency, goods inspection and coordination of customs clearances for import and export goods.

Tips need to be noticed

Before making a contract with foreign trade company, it's better to know this company's honor, the quality of staff, the company's ability and the situation of staff who are responsible to be attached to this kind of business.

Make sure that the contract must discriminate the bilateral's obligations and responsibility. When signing a contract with a customer, it should use this foreign trade cooperation and knowing that it is the primarily responsible for this deal. And the contract between Fengyuyi Co. and Zhejiang Spring Trade Co., Ltd. are founded on the contract between Fengyuyi Co. and customer. When open the L/C for customer or using other ways to make a deal, Fengyuyi Co. must take the safety of the business as the first condition, and as well as the benefits of customers. Due to each party lost their roles in the business, other parties should pay the relevant responsibilities. So in the business process review, Fengyuyi Co. should help the trade company to examine and verify the terms of foreign trade, remove all soft terms or other terms of possible traps. After the shipment, regardless of whether the requirements of the guests, the Fengyuyi Co. should tell the customer shipment information timely, inform the specific date of arrival and also track the goods during shipment. It may arise some problems when the product arrives at the destination. So the Fengyuyi Co. and Zhejiang Spring Trade Co., Ltd. needs to offer the reasonable documents (some documents are required in customs clearance, customs in some countries will require some additional documents). The Fengyuyi Co. should track the payment status of customers relate to foreign trade company in timely. When the payment arrives at the foreign trade company, Fengyuyi Co. can collect the asset.

If meeting some problems, Fengyuyi Co. needs to consult with the customers immediately. If this is a common customer, the company can tell him or her that the agency helps export our products. While it is a new customer, and seems do not enjoy doing business with personal, so the foreign trade company can be introduced and

Fengyuyi Co. needs to communicate with the customer as soon as possible as a business personnel.

6.3 What needs to be done when export

The Hunter Central Coast Export Centre (HCCEC) (2011) says that exporting can be a profitable way when expanding the business. It is a way of spreading the risks, reducing the dependence on the local market, may face the political risk, legal risk, financing risk, transport risk and inadequate resources. The exporting is made up of sequential steps, concluding the bargaining process, consigning the contract, securing transportation and documentation and delivering the goods. Edward G (2008, 1) mentions that documentation is the most important demonstration in international trade transactions. It offers the accounting record; shipping and/or logistics firms with instructions of what to do with freight; countries of export and import with regulatory compliance, census and taxation information; and banks with instructions and accounting tools for collecting and disbursing payments to the buyer and the seller.

This is used for providing instructions and proposals for conducting the different phases of export. It is better for Fengyuyi Co. to know what matters needs to be taken into consideration, understanding the existing situation, choosing the best way to conduct the exporting, lower the cost and maximally avoid the risks. The figure 10 shows the main steps when exporting, and could directly and easily be understood through this figure.

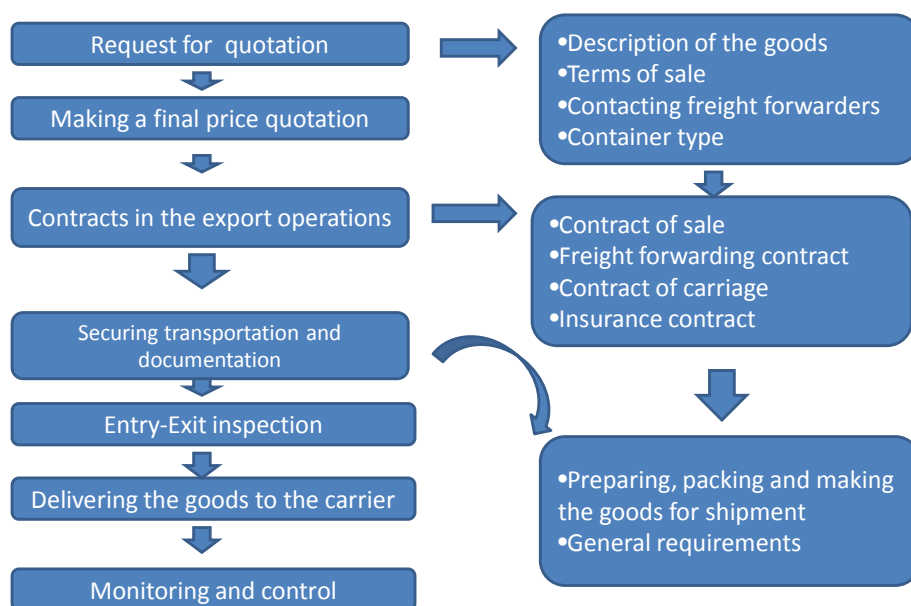


Figure 10: Export procedure framework (Cattai, 2003, 78-248)

6.3.1 Request for quotation

In the international trade is generally the product of inquiry, quote the beginning of a trade, which includes: inquiry no., short company presentation, place of departure, port of departure and port of destination, terms of delivery, planned schedule, description of the goods, description of packaging, quantity, total weight, total value, estimated yearly quantity, period of validity of request for quotation, preferred method of contact and contact information.

Description of the goods

The information below concerning the export products in the thesis was offered by the Hangzhou Forever Green Apicultural Company. It was delivered by the foreign trade representative, Tang(2011), who sent me the photos via QQ. The detailed information, for example, honey, needs to be contained product type, form, certification, packaging,

shelf life, place of origin, price, port, payment terms, even the much more detailed factors of honey, like moisture, fructose, glucose, diastase, which can be provided below .

Based on the bill of lading between HANGZHOU GREEN FOREVER APICULTURE COMPANY and FMC GREENLAND SDN.BHD from Malaysia, Fengyuyi Co. can know the following information:


BILL OF LADING					
Shipper *HANGZHOU GREEN FOREVER APICULTURE COMPANY NO 108 DINGSHI ROAD,HANGZHOU,CHINA			Export Booking Reference SECUR81212		Bill of Lading No VOLSHAPKG1249
Consignee FMC GREENLAND SDN BHD NO.39C,JALAN KENARI 21,BANDAR PUCHONG JAYA,47100 SELANGOR DARUL EHSAN,MALAYSIA TEL:603-80708303/10; FAX:603-80708304			 VEGA ORIENT LINE Company Reg. No.: 200811994W		
Notify Party SAME AS CONSIGNEE					
Place of Receipt *			Pre-Carriage by		Number of original Bill(s) of Lading THREE
Port of Loading SHANGHAI		Ocean Vessel / Voyage No DERBY D 1110		Port of Discharge PORT KLANG	
				Place of Delivery * PORT KLANG	
PARTICULARS DECLARED BY SHIPPER	Container No./ Seal No. Marks & Numbers 1X20 N/M VOLU2108344/B123749		Number and type of Package 70 DRUMS		Description of Goods SHIPPER'S LOAD,COUNT AND SEAL NATURAL WHITE HONEY
					Gross Wt (kgs) 21770KGS
					Measurement (Cbm) 15 CBM
Total number of container(s) or other package(s) or unit(s) (in words)					
Declared Value If Merchant declares the value of the Goods and pays extra freight (if required), then subject to Clause 29, the declared value shall be the basis for calculating the Carrier's liability (if any).					
Freight and Charges		Revenue tons	Rate	per	Prepaid
FREIGHT PREPAID					FREIGHT PREPAID
Shipped on Board			Place and date of Issue SHANGHAI, 13 JUN 2011		
Delivery Agent at Place of Delivery (where applicable) VEGA ORIENT LINE, PORT KLANG C/O Alpine Shipping Sdn Bhd No 22-A, Tingkat 1, Lorong Bayu Tinggi 4C, Taman Bayu Tinggi, 41200 Klang, Selangor Darul Ehsan, Malaysia Tel: 603-33245460, 33245461 Fax: 603-33245462			IN WITNESS WHEREOF the Carrier or its agent has signed the number of original Bill(s) of Lading stated above, all of this tenor and date, one of which being accomplished, the others to stand void. As Carrier		
* Applicable only when this document is used as a combined transport Bill of Lading					
Non-Negotiable					

Figure 11: Bill of lading of Hangzhou Green Forever Apiculture Company in 2011 (Tang, 2011)

Table 13: Some basic information in the bill of lading (Tang, 2011)

Container No./Seal No.	1×20'
Marks & Numbers:	N/M VOLU2108344/B123749
Number and type of Package	70 DRUMS
Description of Goods	SHIPPER'S LOAD, COUNT AND NATURAL WHITE HONEY
Gross Wt (kgs)	21770KGS
Measurement (Cbm)	15CBM

SHIPPER'S LOAD, COUNT AND SEAL means that it is exported by the containers and the containers which are packed and counted by the shipper or the agency. If meeting the problem of that the goods are with short shipment at the destination, the shipper or the agency has no duties to this short shipment or damage of cargo as long as the container No. and seal No. are right. Therefore, the shipper or the agency tends to note this exception clause.

Terms of sales

Overview of most of the exporters in www.Alibaba.com, I found that the payment terms usually are the L/C and T/T. Cattai (2003, 180) involved that L/C (letters of credit) is a documentary credits facilitate international payments. It is a document to offer security for both export seller and import buyer, which is governed by a set of rules manufactured by ICC, commonly known as the UCP500 (Uniform Customs and Practice for Documentary Credits). Shanthi (2004) pointed out T/T (Telegraphic Transfer), a form of bank transfer, is a cheap and fast way of transferring money overseas through most banks. The funds are remitted in 24-48 hours. This may be particularly utilized for those who remit smaller amounts of money to meet family

maintenance expenses, rent and so on. It's not safe for buyers to pay using T/T because their money goes into the suppliers' bank account directly before they are able to receive their order. Therefore, it can be used by two companies with higher reputation or longer cooperation.

Besides, Tang Ting(2011) suggests that CIF are commonly used in their Hangzhou Forever Green Apicultural Company. MIQ Logistics (2010) points out that Inco-terms are a set of three-letter standard trade terms which are commonly used in international contracts for the sale of goods. It dominates the sales contract through defining the respective obligations, costs and risks, which are relate to the delivery of goods from the Seller to the Buyer. Cattai (2003, 103) refers that CIF means the cost, insurance and freight, it is delivered by the seller when the goods across the ship's rail in the port of shipment. It requires the seller to clear the goods for export. Thus Fengyuyi Co. also can think of taking L/C and T/T instead. If necessary, ask for the foreign trade company for help as Fengyuyi Co. hasn't gotten the permission of import and export right.

As the terms of sale are based in the Incoterms 2010, Fengyuyi Co. should make sure that they are familiar with the rights and obligations of both parties associated with the Incoterms 2010. It divides the boundary of expenses, and the place to transfer the risks. All of these should be clear to think twice when choosing the terms of sale.

The example shows that Hangzhou Green Forever Apiculture Company chooses CIF Klang. Thus, the seller Hangzhou Green Forever Apiculture Company should purchase the insurance against the risk of loss or damage to the goods. Murray (2011) says that the seller must pay the premium. After delivered the goods and passed the ship rail, the risks of loss or damage of Natural white honey are transferred to the buyer on the way of transportation. Hangzhou Green Forever Apiculture Company has to be responsible for the export declaration. The buyer FMC GREENLAND SDN.BHD should take charge of the import declaration.

Contacting freight forwarders

Cattai (2003, 244) points out that the freight forwarder generally acts as an agent for the exporter or importer in shipping cargo internationally, so it is the significant member of the international community. It deals with cargo instead of passengers, and makes the freight rates in the control of.

Due to Fengyuyi Co. is short of the resources and information to carry out the international shipping itself, should look for a freight forwarding company which is specialized in international logistics to deal with the transportation and has its own completed safety management system. What' more, the company also needs to consider about the location, company size, history, those influenced elements to the final price and safe arrival. Furthermore, the freight forwarder needs to offer the relevant news regarding to their capability to deal with the required documentation, the capacity to manage the customs clearances and possible storage the goods in Helsinki, freight cost, forwarding costs, harbor cost, custom fees, and duties as well as any other possible costs.

There are e.g. two freight forwarders Shenzhen Trump Link International Freight Forwarding Co., Ltd is a shipping and logistics company in China. It is MADE-IN-CHINA gold member and SGS audited supplier (SGS, Report NO. QIP-ASI112098, copy available if requested). It can ship the cargo worldwide by sea or air (Shenzhen Trump Link International Freight Forwarding Co., Ltd., 2011). As Fengyuyi Co. is located in Zhejiang province, it may choose Ningbo as the shipping port, but on the other hand, it also should be compared with the land carriage when selecting other shipping port.

Another freight forwarder is Sinotech Logistics Co., Ltd. It was set up in 1999 with broad headquarters in Shenzhen, Shanghai, Yiwu, Hong Kong, Zhejiang, Dongguan, Guangzhou and continues to explore more headquarters in China. It is also a gold

member for many years at MADE-IN-CHINA and one member of world cargo alliance and China global logistics network, which could provide global freight services for the export company. Besides, Sinotech Logistics group passed ISO9001: 2000 in 2008 and won the first agent granted by China logistics authoritative institution. What is worth mentioning is that there is an office in Yiwu, so it can be easily to arrange by Fengyuyi Co. since Yiwu is one city of Jinhua, Zhejiang. (Sinotech Logistics Co., Ltd., 2011.)

And Fengyuyi Co. can find much more freight forwarders in the China Suppliers of Gold Member of MADE-IN-CHINA. Getting contact with all of those freight forwarders, Fengyuyi Co. can select a cheaper and worthy of trust one.

Container type

Depending on the requirements of customers, Fengyuyi Co. can learn from Hangzhou Forever Green Apicultural Company. As view through their website: (<http://greenforever.en.alibaba.com/>), I can find there are seven packaging: 290KG/Iron Drum; 1400KG/Tank; 100KG/drum; 25KG/Tin; 1KG/Plastic Bottle; 0.5KG/Plastic Bottle; 0.375KG/Plastic Bottle. Fengyuyi Co. can also provide such kind of packages. As Finland's bottle package of honey also has similar weight: one is for 0.5KG and some are for 0.34KG, 0.35KG.

Table 14: Ocean container dimensions (Foreign trade, 2011)

	STANDARD 20'		STANDARD 40'		HIGH CUBE 40'	
INSIDE LENGTH	19'4"	5.89m	39'5"	12.01m	39'5"	12.01m
INSIDE WIDTH	7'8"	2.33 m	7'8"	2.33 m	7'8"	2.33 m
INSIDE HEIGHT	7'10"	2.38 m	7'10"	2.38 m	8'10"	2.69 m
DOOR WIDTH	7'8"	2.33 m	7'8"	2.33 m	7'8"	2.33 m
DOOR HEIGHT	7'6"	2.28 m	7'6"	2.28 m	8'5"	2.56 m
CAPACITY	1,172 ft ³	33.18 m ³	2,390 ft ³	67.67 m ³	2,694 ft ³	76.28 m ³
TARE WEIGHT	4,916 lb	2,229 kg	8,160 lb	3,701 kg	8,750 lb	3,968 kg
MAX. CARGO	47,999 lb	21,727 kg	59,040 lb	26,780 kg	58,450 lb	26,512 kg

It can be seen from the table 14 that 1×20' means the number of container and 20' is the size of container which reflects unobstructed capacity is 5.69×2.13×2.18m, the gross weight of goods could be 17.5 tonnes, volume is 24 to 26 m³. It contains other sizes like 40GP, 40HC and other relevant measurements.

Based on Foreign trade (2011), it can be seen that except the mentioned 5 dimensions, it also has the Reefer 20', Reefer 40', Flat rack 20', Flat rack 40', Flat rack collapsible 20', Flat rack collapsible 40', Platform 20' and Platform 40'. It should be calculated and based on the size of measurement, then choose the suitable one to make sure all the goods are full of container that wouldn't be damaged. If Fengyuyi Co. has filled the container, it can use LCL (less than container load) instead of FCL (full container load).

6.3.2 Contracts in the export operations

An international contract of sale comes into existence when a sufficiently precise offer by one party is accepted unconditionally by the other party. (Cattai, 2003, 82.)

Contract of sale

Cattai (2003, 98) says that Inco-terms are embedded in this contract, an agreement

between the seller and the buyer. After receiving the precise commercial offer in the form of a proforma invoice or memorandum, it may serve as a contract between Fengyuyi Co. and the buyer. This precise document bears its own accurate responsibilities. And it describes the clear description of the goods, price and payment terms, delivery terms, including packing, invoicing, transportation and insurance instruction.

Such contract plays a leading role when regarded as a basic foundation, which needs to be made for other documents, like transport, insurance and payment. The Fengyuyi Co. must double check to make sure there is no a mistake or defect, to maximally reduce the risk when exporting to Finland. Then, Fengyuyi Co. has to make all integrant financial arrangements with the bank.

Freight forwarding contract

In terms of contract between Fengyuyi Co. and the buyer, Fengyuyi Co. should carry out the transportation of the goods and necessary documentation. It can be made by both freight forwarder and Fengyuyi Co. and takes shape to the forwarding contract in both parties, and should be clear of obligations and rights for themselves.

Contract of carriage

This contract is made for the shipper and the carrier (or his agent). Depending on the contract of sale and the chosen Incoterms, the shipper may be either the seller or the buyer. (Cattai, 2003, 98) The carrier may act through an agent or broker. The freight forwarder is conducting the transportation. And such contractual terms can be founded by the transport document, bill of lading.

Insurance contract

The insurance contract will be made between the insurer and either the seller or buyer to insure the shipment. It depends on the chosen Incoterms.

6.3.3 Securing transportation and documentation

Fengyuyi Co. produces honey which the buyer is interested in based on the contract requirements; arrange transportation for goods delivery and prepare needed documentation through freight forwarding company. The freight forwarder must take responsibility for the transportation and assists Fengyuyi Co. with the relevant issues. On the other hand, the goods must be packed and marked suitably before delivering to the carrier.

Preparing, packing and marking the goods for shipment and general requirements

Fengyuyi Co. fulfills the contract, make sure of the final products are manufactured, packaged and marked in accordance with what the contract states. It is essential to meet the requirements of goods quality, specification, quantity and manage to finish all the products in time, as well as the necessary preparation, coordination for facilitating the shipment. All the related requirements are mentioned in the political and legal part.

The general requirements for all products exporting to Finland, EU, are composed of different documents. Commercial invoice, bill of lading, insurance policy, packing list, certificate of origin are required to be finished precisely. Exporting inspection certificate must be carried out, which contains different processes. Firstly, Fengyuyi Co. needs to apply for checking the products in inspection institution. Then, some professional ones who are employed by the institution come to make a sampling and checking its essence based on the accurate testing standard, and verify the quality, specification, packages. If the inspection meets the contract's requirements, Fengyuyi Co. will be given permission to export. These can be done by a person who owns a certification of customs clearance, taking documents such as packing list, invoice,

customs power of attorney, the export foreign exchange verification form, a copy of the contract exports, exporting commodity inspection certificate for the text to the customs clearance procedures.

中华人民共和国出入境检验检疫
出境货物报检单

*编号: 33000001197770

报检单位(加盖公章): 杭州常青鞋业公司 联系人: 郭楚 电话: 13600329287 报检日期: 2011 年 08 月 09 日
 报检单位登记号: 3302000034

报检人	(中文) 杭州常青鞋业公司					
	(外文) HANGZHOU GREEN FOREVER AGRICULTURE CO.					
收报关	(中文) ***					
	(外文) ***					
货物名称(中/外文)	H. S. 编码	产地	数/重量	货物总值	包装种类及数量	
PREMIER WHITE HARE P.R./Q.S.	0409000000 P.R./Q.S.	浙江省杭州市	20300千克	35685 美元	70海口棉鞋	
运输工具名称/号	规格	贸易方式	一般贸易	货物存放地点	工厂/仓库	
合同号	信用证号	信用证号	***	用途	自用	
发货日期	0800-00-00	输往国家(地区)	马来西亚	许可证/审批号	J300/06002	
起运地	上海口岸	到达口岸	巴生港(马来西亚)	生产单位注册号	3302000034	
集装箱规格、数量及号码 每柜20尺普通柜X1						
合同、信用证订立的检验检疫条款或特殊要求		标记及号码		随附单据(划√或不填)		
		N/M		<input type="checkbox"/> 合同 <input type="checkbox"/> 信用证 <input type="checkbox"/> 发票 <input type="checkbox"/> 换证凭单 <input type="checkbox"/> 装箱单 <input type="checkbox"/> 厂检单 <input type="checkbox"/> 包装性能结果单 <input type="checkbox"/> 许可/审批文件 <input type="checkbox"/> <input type="checkbox"/>		
需要证单名称				*检验检疫费		
<input type="checkbox"/> 熏蒸证书 <input type="checkbox"/> 重量证书 <input type="checkbox"/> 数量证书 <input type="checkbox"/> 品质证书 <input type="checkbox"/> 健康证书 <input type="checkbox"/> 卫生证书 <input type="checkbox"/> 动植物卫生证书				<input type="checkbox"/> 植物检验检疫证书 <input type="checkbox"/> 熏蒸/消毒证书 <input type="checkbox"/> 出境货物检验检疫单 <input type="checkbox"/> 报关单 <input type="checkbox"/> <input type="checkbox"/>		
				总金额(人民币元)		
				计费人		
				收费人		
报检人郑重声明: 本人被授权报检, 以上所列填写内容正确属实,货物无伪造或冒用他人的厂名、标志、认证标志,并承担货物质量责任。 签名: _____				领取证单		
				日期		
				签名		

注: 带*号栏目由出入境检验检疫机关填写 ◆国家出入境检验检疫局制

Figure 12: The Outbound Cargo Inspection Form of Entry-Exit Inspection and Quarantine of the People's Republic of China (Tang, 2011)

The Entry-Exit Inspection and Quarantine of the People's Republic of China provides the Outbound Cargo Inspection Form. The company should fill out the one-way outbound cargo inspection applications for the local commodity inspection authorities for inspection, commodity inspection authorities after the issue relevant certificates. Requirements of Outbound cargo inspection form are as follows: shipper name, consignee, cargo name, HS code, place of origin, inspection/ weight, the total value of goods, packaging type and quantity, exports to the country and the region, stock location (For the inspection and inspection of goods when the sample should be to its stock location), accompanying documents, which showed in the Outbound Cargo Inspection Form are contract, invoice, packing list, factory inspection, performance results of a single package.

中华人民共和国出入境检验检疫 ENTRY-EXIT INSPECTION AND QUARANTINE OF THE PEOPLE'S REPUBLIC OF CHINA		正本 ORIGINAL
健康证书 HEALTH CERTIFICATE		编号 No. 333300211077775
发货人名称及地址 Name and Address of Consignor: <u>HANGZHOU GREEN FOREVER ARI-CULTURE CO.</u>		
收货人名称及地址 Name and Address of Consignee: <u>***</u>		
品名 Description of Goods: <u>NATURAL WHITE HONEY</u>		
加工种类或状态 State or Type of Processing: <u>***</u>	标记及号码 Mark & No.: <u>N/M</u>	
报检数量/重量 Quantity/Weight Declared: <u>***20360KGS</u>		
包装种类及数量 Number and Type of Packages: <u>**70DRUMS</u>		
贮藏和运输温度 Temperature during Storage and Transport: <u>***</u>		
加工厂名称、地址及编号(如果适用) Name, Address and approval No. of the approved Establishment (if applicable): <u>***</u>		
启运地 Place of Despatch: <u>SHANGHAI</u>	到达国家及地点 Country and Place of Destination: <u>PORT KLANG, MALAYSIA</u>	
运输工具 Means of Conveyance: <u>BY SEA</u>	发货日期 Date of Despatch: <u>***</u>	
This is to certify that representative samples were taken from this lot of goods and inspected with the results that the goods are normal in quality and fit for human consumption. Remarks: destination: MALAYSIA.		

		
签证地点 Place of Issue: <u>HANGZHOU</u>		签证日期 Date of Issue: <u>08 JUN, 2011</u>
授权签字人 Authorized Officer: <u>XI ZHIJIAN</u>		签名 Signature: 
<small>本证书和附加单据格式及其内容或代签人不得被第五本证书的任何其他责任。No financial liability with respect to this certificate shall attach to the entry-exit inspection and quarantine authorities of the P. R. of China or to any of its officers or representatives.</small>		
 AA019G031		

Figure 13: The Health Certificate of Entry-Exit Inspection and Quarantine of the People's Republic of China (Tang, 2011.)

Ningxia Entry-Exit Inspection and Quarantine Association (2005) states that the Health Certificate is taken advantage in the border port and communication media, where someone used those who are engaged in diet, drinking water, and it is a certification for the service staff in the public places of border port. This certification provides much more reliability for the importer, FMC GREEN SDN.BHD.

收汇核销联

中华人民共和国海关出口货物报关单

预录入编号: 791822999 海关编号: 222900110791822999

出口口岸 外港海关	2225	备案号		出口日期 2011-06-13	申报日期 2011-06-13	
经营单位 杭州萧山钱业公司 3301950046		运输方式 水路运输	运输工具名称 DERSI D71110	提运单号 380187212		
发货单位 杭州萧山钱业公司 3301950046		贸易方式 一般贸易	0110	征免性质 照章征税 (101)	结汇方式 电汇	
许可证号		运抵国(地区) 马来西亚 (122)	指运港 巴生港 (1400)	境内货源地 杭州其他 (33019)		
批准文号 774437583		成交方式 CIF	运费 100	保费 33.5	杂费	
合同协议号 SPAC1104		件数 7	包装种类 桶装	毛重(千克) 2177	净重(千克) 2030	
集装箱号		随附单证		生产厂家		
标记唛码及备注 随附单证号: 31005321183467400 集装箱号: VXL12108344						
项号	商品编号	商品名称、规格型号	数量及单位	最终目的国(地区)单价	总价	币制 征免
1	04099000	蜂蜜	20300.000 千克	马来西亚	1.0000	20300.000 美元
			0.000	(122)		美元
			20300.000 千克			用途:
税费征收情况						
录入员	录入单位	兹声明以上申报无讹并承担法律责任		海关审单批注及放行日期(签章)		
报关员		申报单位(签章)		审单	审价	
申报地址		上海东亚国际物流有限公司		征税	统计	
邮编	电话	填制日期		查验	放行	

Figure 14: China Customs export declaration (Tang, 2011)

David (1988) refers that shippers concerned about proposed Census Department rules to clarify the responsibilities of exporters and forwarders for filling out the Shippers Export Declaration - and for determining which party is the exporter of record - will have to wait a little longer before the final rules are implemented. It includes pre-entry number, customs code, export port, export date, reporting date, business unit, delivery unit, ocean vessel/ voyage No., bill of lading No., trade terms, payment terms, exemption of nature, freight, premium, approval No., contract agreement No.,

transaction terms, packaging type, GW, net weight, container No., description of goods, signature and seal.

The commercial invoice is issued by seller to the buyer for payments and customs clearance. While bill of lading is carried out by the shipping company acknowledging that the goods have been accepted on board. The packing list is for checking the detailed items of products. The customs power of attorney is unit or individual doesn't have ability to declare goods at the customs. The export verification form is applied in the exchange office, Fengyuyi Co. will receive the document for export rebates if it has the capacity to export.

6.3.4 Delivering the goods to the carrier

The goods can be sent to the carrier when all products met requirements and passed the inspections. Fengyuyi Co. should be familiar with where the risks and costs transfer and try its best to reduce the risks. When the goods are accepted by the carrier, Fengyuyi Co. will receive bill of lading. Fengyuyi Co. then sends the bill of lading to the buyer through bank and collects money at the same time under payment terms of L/C. Thereafter, buyer could present the bill of lading to the carrier for the goods release.

6.3.5 Monitoring and control

It has potential risks when exporting, such as transport-related risks, credit risk or non-payment risk, quality of goods risk, exchange rate risk, unforeseen events (a strike, natural disaster or war may render delivery impossible), legal risks (Foreign laws or regulations may change or be applied differently than in the past) and investment risks (The normal commercial risks involved in marketing any product become magnified in the export context because of the additional investments required by an export programme. For example, a market which has been steadily growing for several years may suddenly decline e.g., due to exchange rate instability),

before an exporter can amortise investments in local distribution. Companies should begin by seriously considering whether or not to export according to its own ability.) (Jimenez, 1997.)

After the step of conducting the export operations, Fengyuyi Co. has to make a self-assessment and performance improvement. Safety issues must be assessed in every phases, the freight forwarder must be monitored and evaluated perpetually. Fengyuyi Co., needs an experienced, efficient service, and relatively cheap freight forwarder. By then, a long-term partnership will be established with the forwarder.

The relationship between two countries also needs to be monitored and evaluated. The exchange rates should be pointed out and given a precise evaluation when exporting for payment receiving.

In the future, Fengyuyi Co. can be acquainted with the situation, making much more friends like freight forwarders. Thus, Fengyuyi Co. can find the most beneficial company and cut down the risks and decline the thought of worry. For the future development, both the macro environment and micro environment need to be monitored, knowing the current existing market at least.

7. CONCLUSIONS AND RECOMMENDATIONS

The entire thesis was written for designing an operational export plan for Fengyuyi Co. exporting their honey to Finland. The purpose is to help Fengyuyi Co. best understand Finland honey market.

Analysing from the world honey situation and honey trade business in China, and the EU honey situation was an essential factor to this thesis, which could be learned by the Fengyuyi Co. for its honey market tendency and future development, predict the risks, and get known about the packaging and customer consumption habit etc., so that Fengyuyi Co. could try to meet the requirements, develop and orient its own products

worldwide. Fengyuyi Co. tended to export the Fengyuyi products into Finland, therefore, not only the political and legal forces, economic forces, technological and infrastructural forces, social and cultural forces are analysed to present the macro environment of Finland, but also the SWOT-analysis and benchmarking Hangzhou Green Forever Apiculture Company are measured for the Fengyuyi Co.'s orientation.

Hence, in the empirical part I collected four qualitative interviews to provide a generally understanding of the export problems and exporting situation from Hangzhou Green Forever Apiculture Company. Two interviews conducted in Finland were aimed to find out how the local retailer finds their suppliers, what the suppliers sound like, and how the customers like the bee products. The practice assists Fengyuyi Co. to develop more customers, which means those suppliers could be the future customers. Some honey products sold in supermarkets were being taken photos for the purpose of competitor's analysis, on its price, package, brand, origin and its type of the company. The interviews and photos acted as an efficient and effective method made the Fengyuyi Co. clearly known the challenge and purpose to exporting.

The most vital part was what need to be done when exporting and how the procedures of the operations like. The request for quotation seemed the most difficult part to start the deal. As the quotation reverses plenty of complex calculation, the container, value-added tax, tax-refund rate, cost of honey, packing charges, inspection charges, customs clearing charges, harbor charges, transportation expenses, other charges, bank procedure charges, sometimes, it also includes insurance fees and commission. In addition, choosing different trade terms, the way of calculation is disparate.

After the quotation stage, the contract content between the Fengyuyi Co. and the relevant dealer should be clearly made during negotiation stage. Fengyuyi Co. should know both parties' responsibilities clearly and make sure all the goods are produced and packed in accordance with the contract, and available for delivery.

Fengyuyi Co. should consider whether it is worth of taking the risks to develop the customer and expand the honey business into Finland market. Whether there are any risks Fengyuyi Co. can afford or not. Fengyuyi Co. would better plan carefully before they leap. Once Fengyuyi Co. decided to move forward, company has to pay more attention to the price of the raw material and its procurement. In case the Fengyuyi Co. can find a suitable and high quality honey which is applied to the standard of pesticide residue. The Fengyuyi Co. should be ready to make offers compared with the international honey prices, all of the costs and expenses of Fengyuyi Co. should be worked out to assure any affects on the profitability and opportunities of Fengyuyi Co. exports.

For future exports to Finland, Fengyuyi Co. shall be able to generate diversified honey products, like honey wine, honey juices, and honey lipstick. Now Fengyuyi Co. is tending to export to Finland through the S-Group, S-Group, Suomen Lähikauppa Oy, Lidl, Stockman department stores, and Finnish Beekeeper's Association. In addition, Fengyuyi Co. has ability to make an effort contact with the principal of national products, like Hankintatukku Oy, Biofarm Oy, and Oy Valioravinto Ab. If Fengyuyi products sold well in Finland, Fengyuyi Co. can create a Finnish brand for those products. If possible, Fengyuyi products can launch into Finnish market by means of OEM with high quality but with no brand, like Pirkka. It is famous brand in Finland. This way of action can be mostly welcomed by Finns, but the own brand of Fengyuyi Co. can be ignored. Fengyuyi Co. can compare the way of the long-term profitability with the immediate interests, and then make the best choice. It is indispensable to create own website in Finland to attract more customers.

Overall, Finland honey market has huge prospect and opportunity to Fengyuyi Co.. After finished the thesis, Fengyuyi Co. has enough conditions and energy to export. Thanks to the limited and short nice weather for producing honey, Fengyuyi Co. will devote themselves to the economical priced with high quality and diversified honey products among other companies in Finnish market. With respects to the law and

regulations products from Fengyuyi Co. can easily flow into Finnish honey market by then.

But due some practical reasons like time and cost, this thesis did not do a large questionnaire research instead of several in-depth interviews. Resolving international disputes such as ICC Arbitration and tax of exporting of this thesis are shown less concern on. Trade terms for international contracts, especially the costs, risks and responsibilities and international payment options are dealt with simply. For the further study it should be concentrated much on the expansion of above matters and figure out some questionnaires about the terms of international payment options.

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APPENDICES

APPENDIX 1/1

Relating to honey situation

1. Average retail price per pound of U.S. honey (National Honey Board, 2011e)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	\$3.75	\$3.80	\$3.75	\$3.78	\$3.76	\$3.76	\$3.80	\$3.84	\$4.05	\$3.88	\$3.86	\$3.91
2006	\$3.88	\$3.75	\$3.76	\$3.82	\$3.82	\$3.76	\$3.88	\$3.83	\$3.91	\$3.89	\$4.01	\$3.91
2007	\$3.99	\$4.00	\$3.89	\$3.92	\$3.94	\$4.03	\$4.17	\$4.29	\$4.27	\$4.19	\$4.16	\$4.22
2008	\$4.14	\$4.07	\$4.19	\$4.22	\$4.27	\$4.25	\$4.42	\$4.40	\$4.47	\$4.39	\$4.56	\$4.60
2009	\$4.50	\$4.51	\$4.46	\$4.44	\$4.64	\$4.68	\$4.74	\$4.60	\$4.80	\$4.74	\$4.85	\$4.87
2010	\$4.82	\$4.62	\$4.73	\$4.60	\$4.66	\$4.81	\$4.91	\$5.04	\$4.98	\$4.91	\$5.08	\$5.06
2011	\$4.94	\$5.02	\$5.10	\$5.22	\$5.19	\$5.04	\$5.23	\$5.17	\$5.17			

2. Average wholesale case price per pound of U.S. honey (National Honey Board, 2011e)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	\$2.47	\$2.56	\$2.52	\$2.72	\$2.60	\$2.66	\$2.58	\$2.66	\$2.81	\$2.59	\$2.81	\$2.70
2006	\$2.74	\$2.69	\$2.70	\$2.57	\$2.67	\$2.76	\$2.66	\$2.59	\$2.80	\$2.82	\$2.82	\$2.81
2007	\$2.81	\$2.70	\$2.77	\$2.79	\$2.87	\$2.87	\$3.02	\$3.01	\$3.01	\$3.20	\$3.02	\$2.92
2008	\$3.04	\$2.84	\$2.93	\$3.09	\$3.04	\$3.18	\$3.21	\$3.20	\$3.27	\$3.41	\$3.41	\$3.27
2009	\$3.27	\$3.37	\$3.23	\$3.20	\$3.34	\$3.32	\$3.54	\$3.46	\$3.33	\$3.35	\$3.45	\$3.51
2010	\$3.47	\$3.53	\$3.44	\$3.41	\$3.62	\$3.49	\$3.45	\$3.50	\$3.51	\$3.57	\$3.82	\$3.66
2011	\$3.72	\$3.51	\$3.64	\$3.78	\$3.73	\$3.75	\$3.77	\$3.91	\$3.79			

APPENDIX 1/2

3. Total average bulk prices of honey imported from four countries to U.S. in 2009, 2010, 2011 (National Honey Board, 2011e)

Total average bulk prices of honey imported from four countries to U.S. in 2009 (National Honey Board, 2011e)

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Canada	\$1.31	\$1.32	\$1.47	\$1.43	\$1.47	\$1.52	\$1.48	\$1.45	\$1.48	\$1.56	\$1.59	\$1.62
Mexico	\$1.14	\$1.32	\$1.29	\$1.37	\$1.34	\$1.18	\$1.13	\$0.63	\$1.13	\$1.23	\$1.23	\$1.21
Argentina	\$1.39	\$1.45	\$1.40	\$1.44	\$1.41	\$1.39	\$1.39	\$1.35	\$1.36	\$1.34	\$1.37	\$1.36
China	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.27
Average	\$1.28	\$1.36	\$1.39	\$1.41	\$1.41	\$1.15	\$1.15	\$1.15	\$1.32	\$1.38	\$1.40	\$1.37

Total average bulk prices of honey imported from four countries to U.S. in 2010 (National Honey Board, 2011e)

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Canada	\$1.63	\$1.55	\$1.58	\$1.59	\$1.54	\$1.56	\$1.65	\$1.47	\$1.56	\$1.56	\$1.65	\$1.63
Mexico	\$1.30	\$1.19	\$1.28	\$1.46	\$1.47	\$1.40	\$1.45	\$1.26	\$1.38	\$1.25	\$1.28	\$1.19
Argentina	\$1.36	\$1.42	\$1.41	\$1.45	\$1.46	\$1.48	\$1.48	\$1.47	\$1.45	\$1.45	\$1.45	\$1.45
China	\$0.00	\$0.00	\$1.21	\$1.20	\$1.22	\$1.27	\$1.38	\$0.00	\$1.38	\$1.51	\$1.50	\$0.28
Average	\$1.43	\$1.38	\$1.37	\$1.43	\$1.42	\$1.43	\$1.49	\$1.40	\$1.44	\$1.44	\$1.47	\$1.14

Total average bulk prices of honey imported from four countries to U.S. in 2011 (National Honey Board, 2011e)

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Canada	\$1.71	\$1.73	\$1.75	\$1.72	\$1.69	\$1.64	\$1.89	\$1.60	\$1.67
Mexico	\$1.29	\$1.19	\$1.51	\$1.66	\$1.66	\$1.60	\$1.46	\$1.40	\$1.17
Argentina	\$1.45	\$1.47	\$1.50	\$1.49	\$1.51	\$1.51	\$1.52	\$1.48	\$1.45
China	\$1.50	\$1.52	\$1.53	\$1.55	\$1.53	\$1.53	\$1.57	\$1.58	\$1.50
Average	\$1.49	\$1.48	\$1.57	\$1.61	\$1.60	\$1.57	\$1.61	\$1.52	\$1.45

4. Average honey import price (EUR/Kg) (EU market situation for honey, 2009)

Origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Chile	1.23	1.34	1.64	2.4	2.29	1.54	1.29	1.36	1.77	2.19
Brazil	1.31	1.33	1.59	2.09	1.84	1.23	1.31	1.37	1.91	2.02
Uruguay	1.04	1.13	1.58	2.23	1.94	1.28	1.2	1.22	1.73	1.97
Ukraine	1.77	0.69	2.59	3.21	1.21	1.08	1	1.11	1.87	1.7
India	1.1	1.19	1.47	1.89	1.56	1.16	1.18	1.29	1.66	1.77
New Zealand	2.13	2.07	2.94	3.89	4.68	5.08	4.39	5.06	5.13	4.5
Cuba	1.09	1.15	1.36	1.75	1.96	1.4	1.22	1.22	1.3	1.92
Australia	1.34	1.45	2.08	3.33	3.24	2.16	2.08	2.28	2.05	2.42
Guatemala	1.62	1.73	1.77	2.48	2.35	1.34	1.36	1.53	1.85	2.06
El Salvador	1.26	1.34	1.67	2.55	1.54	1.17	1.48	1.37	1.91	2.27
Canada	1.21	1.66	2.09	2.86	2.51	1.91	1.74	1.84	1.83	2.38
Total	1.13	1.24	1.73	2.31	1.96	1.29	1.34	1.38	1.69	1.93

5. Honey EU exports (Tonnes) (EU market situation for honey, 2009)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Algeria	292	359	529	525	255	225	294	496	658	577
Morocco	500	399	283	143	72	106	437	1023	503	441
Jordan	89	97	153	47	148	120	177	214	440	424
Israel	0	124	64	65	88	213	211	281	446	311
Rest of the world	2400	2991	3797	3506	2495	2263	2385	3399	3530	3186
Extra EU27	5735	6690	8254	7589	5778	6307	7397	9266	10154	9572

6. Honey average export price (EUR/Kg) (EU market situation for honey, 2009)

EU 27										
Origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Algeria	2.76	2.58	2.58	3.37	3.07	3.19	3.14	3.58	3.4	3.59
Morocco	1.44	1.35	1.51	2.05	3.54	2.03	1.31	1.25	1.16	1.13
Jordan	3.35	3.35	3.41	4.4	3.74	3.73	3.68	3.15	3.3	4.41
Israel	3	1.87	2.35	2.81	1.81	1.89	1.87	2.04	2.53	2.74
U.A. Emirates	3.28	2.88	4.04	4.87	5.08	4.52	4.92	5.3	5.86	6.52
Tunisia	14.8	2.26	2.46	3.93	2.95	2.93	2.52	2.7	2.85	2.86
Nigeria	2.54	3.14	2.21	3.34	3.61	2.83	2.87	2.69	2.79	5.05
Iraq					3.66	2.97	4.89	3.93	3.92	4.01
Hong Kong	3.64	3.66	4.07	4.85	5.14	4.86	5.14	5.03	4.93	5.85
Melilla	1.79	1.91	2.47	1.94	2.33	2.12	2.5	2.34	2.73	2.78
Total	2.96	2.85	3.03	3.71	4.13	3.63	3.47	3.65	3.93	4.45

7. Import levies

According to the legislation, it can be found in MMMa 896/2006 and its amendments.

(Finnish Food Safety Authority Evira, 2010)

1. Honey and other products mentioned here can be imported from countries with "x" in the column for "honey" mentioned in the annex I of Commission Decision 2004/432 meaning, that the residue control plan of the country in question is approved for honey.

2. The honey must originate from an establishment of origin registered by the competent authority in the exporting country. The signature of the competent authority is the proof of the registration.

3. A health certificate according to Commission Regulation 2074/2005 appendix VI to annex VI , also when importing from New Zealand, must follow the consignment to

veterinary border inspection post.

4.The safeguard measures must be followed .

5. A chargeable veterinary border inspection must be performed for the consignment, please find directions in the link. Samples for laboratory analysis might be taken. The importer is responsible for all the expenses.

After finishing the quotation, then it is necessary for making a final price quotation. Considering all of the above reasons, making an accurate description of goods, and figuring out the cost on the freight forwarder, container type, the import levies, Fengyuyi Co. can make the final price quotation with the buyer. Be sure that every extra cost is included.

8. Main content of Directive 2005/20/EC (Europa 2010)

Directive 2005/20/EC which is regarding the composition and the reusable and recoverable nature of packaging and packaging waste

Based on the Europa (2010), the exporter countries should comply with Directive

2005/20/EC regards the composition and the reusable and recoverable nature of packaging waste. Member States must ensure that packaging placed on the market complies with the essential requirements of Annex II:

- ✚ to limit the weight and volume of packaging to a minimum in order meet the required level of safety, hygiene and acceptability for consumers;
- ✚ to reduce the content of hazardous substances and materials in the packaging material and its components;
- ✚ to design reusable or recoverable packaging.

If the buyer needs to labeling, one way is to be done as what the buyers' requirements, and it's better to offer one sample. Another way is do as the guidance of Export Requirements for the European Union, which is mentioned by the Food Safety and Inspection Service (2011) that health mark labels must be applied to each carton of product in such a manner that the health mark label is destroyed when the package is opened. Language used on the labeling both Finnish and Swedish are needed in one labeling. And other languages also can be written in the same label. Besides, Fengyuyi Co. needs to meet all the EU requirements which has already mentioned before.

Question list of Fengyuyi Co's interview

Interview 1:

Name Fan XiujuanTitle 关于蜂御医养蜂专业合作社蜂蜜的问卷调查Company Fengyuyi CompanyTime 20.3.2011

关于蜂御医养蜂专业合作社蜂蜜的问卷调查

为了更好地完成该论文，特对本论文的案例公司蜂御医养蜂专业合作社做出如下问卷调查。

- 1.请问贵公司在国内的发展状况如何？
- 2.请问贵公司认为在国内蜂蜜立足需要什么条件？
- 3.请问贵公司为什么要出口？
- 4.请问贵公司觉得自己的优势和劣势各在哪些方面？
- 5.请问贵公司认为在国外蜂蜜立足需要什么条件？
- 6.请问贵公司认为哪家的蜂蜜是贵公司的竞争者？
- 7.请问贵公司认为国内蜂蜜存在方面的哪些竞争和面临哪些方面的挫折？
- 8.请问贵公司认为中国蜂蜜出口会遇到哪些问题？
- 9.请问贵公司对未来的展望是什么？

Question list of Hangzhou Green Forever Apiculture Company's interview

Interview 2:

Name Tang Ting
Title 杭州常青蜂业有限公司出口蜂蜜的问卷调查
Company Hangzhou Green Forever Apiculture Company
Time 20.6.2011

杭州常青蜂业有限公司出口蜂蜜的问卷调查

蜂蜜出口的竞争越来越激烈，产生的问题也越来越多。特对杭州常青蜂业公司出口的形式和面临的问题做出如下问卷。

1. 请问贵公司一般出口在那些国家？
2. 请问贵公司为什么选择出口在这些国家？
3. 请问贵公司出口遇到时会遇到什么样的问题？
4. 请问贵公司如何拓展国外客户？ 采用什么软件？ 哪些网站？ 哪些联络方式？
5. 请问贵公司出口欧洲需要什么条件？
6. 请问贵公司出口美国需要什么条件？
7. 请问贵公司一般情况下， 采用哪种贸易术语较多？
8. 请问贵公司标签、包装要求（语言要求）， 证书要求/集装箱要求是什么？
9. 请问贵公司需要外贸中介的帮助吗？
10. 请问贵公司出口蜂蜜、蜂王浆、花粉、蜂胶、蜂蜡标准是什么？

Question list of Luontaistuote and Life (Kouvola, Finland)

Interview 3:

Name Nelli Pajunen, Tarja Saari, and Elina LahtiTitle Suomessa mehiläisen tuotteiden myyntiin tilanteesta tutkimusCompany LuontaistuoteTime 27.9.2011

Interview 4:

Name Mervi PyykköTitle Suomessa mehiläisen tuotteiden myyntiin tilanteesta tutkimusCompany LifeTime 26.9.2011

Shop assistant rewards questionnaire (Kouvola, Finland)

Suomessa mehiläisen tuotteiden myyntiin tilanteesta tutkimus

Tämä tutkimuskyselyn tarkoitus on tutkinta hunajan tuotteiden kaupan liiketoimintaa Suomessa, ja saada tietoa vaatimuksista käynnistää kaupoissa ja jakaumat Suomessa

Toteuttaa tutkimus, jotta maaliin teesi vieminen Fengyuyi tuotteita Suomessa.

1. Mistä nämä mehiläinen tuotteet tulevat?

Suomesta/ulkomaista

Mitkä ovat suomalaisia brändejä?

Mitkä ovat tuotemerkkejä tuontihunajan (mehiläinen tuote)?

Mitkä ovat ojennettuun mehiläisvalmisteet?

Miten toimittajat löytävät sinut? Tai miten löytää toimittajia?

Minkälainen toimittajat ne yleensä ovat?

Mitkä ovat tuontirajoitukset ja vaatimukset mehiläisen tuotteita?

Mitkä ovat maksutavat kansainvälisessä kaupassa vietäessä Suomessa?

Kansainvälisen Incoterms 2000 mukaan, ulkomaisten toimittajien mahdollisuus valita kaupan ehdot?

Yrityksen nimi

Tuoteryhmät

Pakkaus

Valokuva

Netisivu

Puhelin

Miten luulet kiinalaisen hunaja? Onko Suomessa myydä niitä? Jos on, myynti tilanne?
Jos ei, luulet, miten myynti kiinalaisen hunajan? Miten voisi kehittää?

Minkälainen tekijät vaikuttavat myyntiin mehiläisen tuotteita?

Minkälainen paketeissa asiakkaille tykkä parempi?

Kuinka voimme löytää uusia tavarantoimittajia?

Kuinka voimme löytää uusia asiakkaita?

Mikä on vakio, kun valitsette tuotteita? Joitakin erityisiä ruokaa vaatimukset?

Minkälainen mielikuva teidän kaupassa oleva mehiläisen tuotteita ovat? Ja miksi?

Mitä kampanjoista?

Mitkä ovat tyypillisiä henkilöille ostaa mehiläisvalmisteet?

Minkälainen kyky haluatte parantaa eniten, jos olette pomo tämän tuotteen?

Jos olette asiakas, kun ostat mehiläinen, sinua eniten odotus mehiläisen tuotteissa?

Mitä haluat parantaa perustuu tämäntyyppiseen tilanteeseen?

Voitko kertoa minulle mehiläinen toimittajat Yhteystiedot?

Kiitos avusta.