

CBI MARKET SURVEY

THE (ORGANIC) COFFEE, TEA AND COCOA MARKET IN THE
CZECH REPUBLIC

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the (organic) coffee, tea and cocoa market in the Czech Republic. The information is complementary to the information provided in the CBI market survey 'The (organic) coffee, tea and cocoa market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1. Market description: consumption and production**Consumption**

Due to the interesting perspectives offered developing country exporters in organic and other certified markets for coffee, tea and cocoa these are given a particular focus in this survey. These markets grow faster, offer a premium, and traded volumes are smaller than in the conventional market. In the Czech Republic, the organic market is small, but growing fast.

Coffee

- The Czech Republic is a medium to small consumer of coffee at 534 thousand bags in 2005 and an EU market share of 1%.
- Consumption decreased 5.1% annually between 2001 and 2005 (ICO, 2006).

Tea

- The Czech Republic is a medium-sized tea consumer, with a EU market share of 1% (ITC, 2006)
- Total tea consumption in the Czech Republic remained fairly stable during the survey period. Consumption decreased annually by only 0.3% between 2001 and 2005, amounting to 2,419 tonnes in 2005.
- Per capita tea consumption in the Czech Republic is relatively stable and limited, with a small annual decrease of 1.1% between 2001 and 2005, amounting to 0.2 kilogram.

Cocoa

- According to ICCO (2006), the latest information available shows that the Czech Republic is a small cocoa bean grinder, with total grindings amounting to 15 thousand tonnes in the cocoa year 2003/2004.

Production

- Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. The Czech Republic is fully dependent on imports of these products from other countries.
- No significant grinding of cocoa beans takes place. Tea and coffee processing also predominately takes place in the EU, and the Czech Republic itself has several players.

Trends

- The Czech organic market is at the beginning of a boom. In 2004, the market increased by 50%, (the year before by 17%) and achieved a turnover of € 9 million. Organic food still comprises only 0.12% of total food consumption but, since accession to the EU, there is

every sign that the market is moving into a growth phase (Czech Republic, Organic Products Market Brief 2004, USDA).

- Healthier perceptions lead to a growing demand for green tea and fruit-flavoured and herbal tea products at the expense of black tea products.

Opportunities and threats

- The Czech Republic is a relatively small consumer of coffee, tea and cocoa, which does not make it a particularly interesting market for developing country exporters. Opportunities could lie in niche markets like sustainable (organic) products.
- Although the Czech organic market is growing, a challenge will be that Czechs still base most purchases on price, as Czech consumers and firms are very price-sensitive (<http://www.organicconsumers.org>).
- Most organic production in the Czech Republic is sold as conventional, without being labelled.

Useful sources

- International Trade Centre's coffee guide <http://www.thecoffeeguide.org>
- International Coffee Organization's Coffee Market Reports, online available at http://www.ico.org/show_doc_category.asp?id=2
- International Tea Committee's Annual Bulletin of Statistics 2006, which can be purchased at <http://www.inttea.com/publications.asp>
- An interesting source for information on cocoa is <http://r0.unctad.org/infocomm/anglais/cocoa/sitemap.htm>
- International Cocoa Organization at <http://www.icco.org>
- Fairtrade Labelling Organizations International coffee, tea and cocoa information at <http://www.fairtrade.net/coffee.html> or [tea.html](http://www.fairtrade.net/tea.html) or [cocoa.html](http://www.fairtrade.net/cocoa.html)

→ For more useful sources on consumption and production of coffee, tea and cocoa, please refer to the EU survey, Chapters 4 and 5.

2. Trade: imports and exports

Imports

- The Czech Republic is a medium to small importer of coffee, taking the 16th place in the EU and accounting for 1.1% of total EU imports. Imports amounted to € 56 million / 35 thousand tonnes in 2005, signifying an annual increase of 10% in value and of 1.1% in volume between 2001 and 2005. This large difference could mean a shift to more expensive coffee varieties.
- Roasted coffee was imported worth € 28 million and unroasted coffee worth € 27 million in 2005.
- The Czech Republic largely relies on EU countries for coffee, and they account for almost 70% of supply. Developing countries account for 30% of total coffee imports, but for 61% of unroasted coffee imports in 2005.
- Tea imports remained stable between 2001 and 2005, totalling € 9.9 million / 2.4 thousand tonnes in 2005, accounting for an EU market share of 1.4%.
- Just as in most EU countries, green tea imports increased annually by 5% between 2001 and 2005, amounting to € 2.4 million / 470 tonnes.
- Developing countries account for a market share of 19%, which is below EU average. Furthermore, imports from developing countries decreased by 18% annually in the period revised. Half of the tea imports is sourced in Poland and Hungary.
- The Czech Republic is a medium to small importer of cocoa products, taking the eleventh to the fourteenth place in the EU.
- The Czech Republic did not import coca beans in 2005 but in 2001 and 2003, imports averaged € 20 million. Imports of paste amounted to more than € 6.2 million / 3.6 thousand tonnes, and of powder to € 5.3 million / 4.4 thousand tonnes.

- Both imports of paste and powder showed very high growth rates. In 2003, imports of paste were very small (€ 0.2 million).
- Imports of cocoa paste and cocoa powder are almost completely supplied by EU countries (The Netherlands and France). Due to unpredictable imports, it is difficult to determine trends in supplying countries.

Exports

- Although Czech coffee exports, mostly consisting of roasted coffee, are limited they increased by 20% annually, between 2001 and 2005. In 2005 exports amounted to € 24 million / 7.6 thousand tonnes.
- The Czech Republic accounts for 0.3% of total EU tea exports, totalling € 1.2 million / 174 tonnes in 2005. Exports decreased by 3.6% annually. Almost all tea is exported to Slovakia and Austria.
- The Czech Republic does not export cocoa beans, and exports of cocoa paste and cocoa powder are negligible. Between 2001 and 2005, exports decreased for paste and powder.

Opportunities and threats

- Imports of coffee and cocoa increased considerably in the period reviewed, offering opportunities (new) developing country suppliers. However, the import market share of developing countries is below EU average for these three commodities and their share is furthermore decreasing.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

3. Trade structure

- The three product groups discussed are each distributed in a different manner. The trade structures for coffee and tea share important characteristics, but also differ in, for example, the role of warehouses and auctions. Particularly the cocoa trade, with its three main products of cocoa beans, paste and powder and its industrial focus, has an entirely different trade structure.
- In general, traders are the most important trade channel for all three products for developing country producers, but in certain cases local agents of EU buyers, or EU processors can also be an interesting channel.
- Regarding organic products, the main organic traders, mostly located in Germany and The Netherlands are, probably the most important trade channel.
- Key players in the coffee, tea and cocoa market in the Czech Republic are:
- Tchibo Praha (<http://www.tchibo.cz>) is the leading Czech coffee roaster
- Balirny Douwe Egberts (<http://www.douwe-egberts.cz>) is a leading Czech coffee roaster
- Kraft Foods Czech Republic (<http://www.kraft.com>)
- Jemca (<http://www.jemca.cz>), leading Czech tea company
- Carla (<http://www.carla.cz>), chocolate manufacturer in the Czech Republic.
- *On-line company databases* for finding companies working in the coffee, tea and cocoa markets are: Food world: <http://www.thefoodworld.com>, and Europages: <http://www.europages.com>.
- *Business-to-business sources* include Agronetwork: <http://www.agronetwork.com/global> Organic Trade Services: <http://www.organicts.com> and IngridNet: <http://www.ingridnet.com>
- For additional sources please refer to the EU survey.

4. Prices

- As the prices for coffee, tea and cocoa are world market prices, Czech prices should show limited deviation from those prices (except in case of extra transport/re-export costs for example). However, prices of coffee, tea and cocoa (products) provided in the market

survey covering the EU should be used as a reference point only, because prices are to a large degree dependent on origin, buyer preferences regarding quality, order size etc. established during contract negotiations.

- Prices for coffee, tea and cocoa are volatile, but where for cocoa and coffee a (more) favourable market price is predicted, tea prices have declined in real terms and the outlook is not as favourable.
- Premiums for organic coffee, tea and cocoa beans and cocoa products are still well above the conventional price. However, for coffee and tea they have been decreasing due to increasing supply. Furthermore, for tea, due to changes in tea consumption and trends, organic production is not always compatible with current demand.
- Fair Trade, with additional premiums above minimum prices for conventional and organic coffee, tea and cocoa also plays a role, especially for coffee.
- Important sources for price information are firstly the international commodity organisations such as the International Coffee Organisation (<http://www.ico.org>), the International Tea Committee (<http://www.inttea.com>), and the International Cocoa Organisation (<http://www.icco.org>).
- Furthermore, publications such as Public Ledger, International Coffee Report, and World Tea Markets Monthly (<http://www.agra-net.com>) are of importance.
- Lastly, the future markets LIFFE (<http://www.liffecommodities.com>) and New York Board of Trade (NYBT) (<http://www.csce.com/>) provide real-time future quotes.

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>
- Information on import tariffs, please refer to the Taric Homepage at http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm
- For more information on VAT rates please refer to the Directorate General XXI at http://europa.eu.int/comm/taxation_customs/common/publications/info_docs/taxation/index_en.htm

6. Business practices

For information on business practices in the Czech Republic, please refer to the following sources.

Trade Associations

- Federation of the Food and Drink Industries of the Czech Republic / Potravinářská Komora České Republiky (PKCR): <http://www.foodnet.cz/>

Trade press

- Bio Obchod (Organic Trade), monthly for B2B communication on everything from the local and global organic food markets (<http://www.greenmarketing.cz>)

Trade fairs

- Appetit Praha 2007: <http://www.apetit-praha.cz/main.php?pageid=1403>
- Salima, International Food Fair (<http://www.bvv.cz/homepage-gb>) hosted one in the two years in March. The next event will be from 4-7 March, 2008
- Siesta, International Trade Fair for Food and Beverage (<http://www.terinvest.com>).

This survey was compiled for CBI by ProFound – Advisers in Development
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