

## CBI MARKET SURVEY

## THE CHEMICALS MARKET IN THE CZECH REPUBLIC

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**Introduction**

This CBI market survey gives exporters in developing countries information on some main developments on the chemicals market in the Czech Republic. The information is complementary to the information provided in the CBI market survey covering the EU chemicals market. 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: industrial demand and production****Industrial demand**

- The Czech Republic has a relatively small market for chemicals, accounting for 1.6% of the total EU market.
- In 2005, the industrial demand for chemicals in the Czech Republic amounted to € 8.8 billion, representing an annual average increase of 12% during the review period.
- The role of the Czech Republic is of increasing importance, with market growth far exceeding growth figures in the EU.

**Table 1.1 Industrial demand for chemicals in the EU and the Czech Republic, 2001-2005, in € million**

	2001	2003	2005	Average annual growth
EU25	496,581	507,835	564,598	3.3%
The Czech Republic	5,627	6,583	8,824	11.9%

Source: European Chemical Industry Council (CEFIC) (2006)

**Production**

- The Czech Republic has a relatively small chemical industry, accounting for 0.9% of total EU turnover.
- In 2005, the Czech chemical industry turnover amounted to € 5.6 billion, representing an annual average growth rate of 16% during the review period (CEFIC, 2006).
- The chemical industry is dominated by basic chemicals such as petrochemicals, polymers and fertilisers. Basic chemicals accounted for 62% of the total turnover of the chemicals sector.
- Chemical production is increasing. However, the contribution to manufacturing output differs considerably between various years.
- The process of privatisation of the chemical industry has only recently begun to be properly addressed. The focus is mainly on EU environmental legislation.
- The fertiliser industry exports a significant part of its production to the EU. The costs of production are somewhat high. There is foreign strategic investment in detergents and in the strong man-made fibre sub-sectors, but not in paints.

**Trends**

- No specific information is available on trends in the Czech Republic. The trends that have been described in the CBI market survey covering the EU chemicals market, are also applicable to the Czech Republic.

### Opportunities and threats

- Although the chemical industry is growing at a high rate, production is dominated by base chemicals. Due to low self-sufficiency in other chemicals, imports may gain a dominant position on the Czech market. This might offer an opportunity for developing countries.

### Useful sources

- For more information on the chemical industry in the Czech Republic, Czech trade associations mentioned in section 6 of this survey can be a valuable source. The European Federation CEFIC (<http://www.cefic.org>) is also of interest.
- The Czech statistics agency (<http://www.czso.cz/eng/redakce.nsf/i/home>) can also be a source of information.
- ChemIndustry.com, (<http://chemindustry.com/index.html>) is also of interest, both for chemical information and finding companies in the Czech Republic.

## 2. Trade channels for market entry

- In general, the trade channels in the Czech Republic do not differ from the trade channels which have been mentioned in the CBI market survey covering the EU chemicals market. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the chemical) remains the most effective method.
- Some big chemical companies in the Czech Republic are Synthesia (<http://www.synthesia.cz/en>) and Spolchemie (<http://www.spolchemie.cz/index.aspx?id=2>).
- Aliachem (<http://www.aliachem.com>) is the biggest Czech producer of chemicals and plastics. Agrofert ([http://www.agrofert.cz/index.php?core\\_cnt\\_SetRootGroup=2](http://www.agrofert.cz/index.php?core_cnt_SetRootGroup=2)) plays a large role as well. SCHP (<http://www.schp.cz/html/index.php?s1=1&s2=1&s3=2&lng=2>) and Chemindustry.com (<http://chemindustry.com/index.html>) provide extensive listings of chemical companies in the Czech Republic.
- Chemical traders and Distributors Association of the Czech Republic <http://www.schod.com/>

## 3. Trade: imports and exports

### Imports

- The Czech Republic is a small importer of chemicals, accounting for 1% of total EU imports.
- In 2006, the Czech Republic imported € 550 million / 465 thousand tonnes of chemicals, representing an annual average growth of 12% during the review period.
- In 2006, developing countries supplied 3% of all imports by the Czech Republic, which is a relatively small share compared to the EU average. Imports from developing countries decreased by an annual average rate of 2% in the period reviewed, amounting to € 17 million / 10 thousand tonnes in 2006. The most important developing country supplier to the Czech Republic is China, accounting for 1% of total imports by this country.
- Germany is the leading supplier of chemicals to the Czech Republic, accounting for 32% of total imports by this country. Austria is another relatively important supplier of chemicals, accounting for 11% of total imports by the Czech Republic.
- The Czech Republic's imports of chemicals consisted of oleo chemicals (42%), organic chemicals (34%), dyes and pigments (13%) and inorganic chemicals (11%).

### Exports

- The Czech Republic is a small EU exporter of chemicals. Between 2001 and 2005, its exports increased annually by 5%, amounting to € 582 million / 585 thousand tonnes in 2006. Although exports are small compared to other EU countries, they accounted for 62% of total sales of Czech chemicals in 2005.

- Exports of dyes and pigments and organic chemicals show a decrease of 9% and 1% respectively, while its exports of oleo chemicals and inorganic chemicals show an increase of 9% and 6% respectively.

### Opportunities and threats

- It seems, based on the figures, that the Czech Republic is a difficult market for developing country suppliers. Total chemical imports increased by 10% annually, whilst its imports from developing countries decreased. Furthermore, the Czech Republic is a net exporter of chemicals and could be seen as a competitor to developing countries in EU markets.
- If the Czech Republic is nevertheless chosen as the export market, then the sub-sector of organic chemicals seems to be the most promising sector, as total imports of this product group increased considerably in the four-year period, and imports from developing countries as well, while Czech exports of this products group decreased slightly.

### Useful sources

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

## 4. Price developments

- The CBI market survey, which covers the EU market for chemicals, presents general information on prices. These price indications do not differ from those in the Czech Republic.
- The prices of most commodity chemicals can be found relatively easily. Useful sources are <http://www.cnionline.com> (subscription site with information on companies, markets, products, strategies, mergers, acquisitions, capacity expansions, forecasts and trends in the chemical industry) and <http://www.icislol.com> (subscription site for prices on the petrochemical and oil markets).
- However, the prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.

## 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>.

## 6. Business practices

### Trade Associations

- Chemical traders and Distributors Association of the Czech Republic  
<http://www.schod.com/>
- Association of Chemical Industry of the Czech Republic (SCHP) - <http://www.schp.cz>
- The Czech Chemical Society - <http://www.csch.cz>

### Trade Fairs

- PragoAnalyti, International Chemical Fair - <http://www.apetit-praha.cz/main.php?pageid=209>

### Trade Press

- CheMagazín - <http://www.chemagazin.cz/indexeng.html>

- Chemické Listy - <http://chemicke-listy.vscht.cz/en/index.html>

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