

CBI MARKET SURVEY

THE NATURAL COLOURS, FLAVOURS AND THICKENERS
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 natural colours, flavours and thickeners market in the Czech Republic. The information is complementary to the information provided in the CBI market survey 'The natural colours, flavours and thickeners 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: industrial demand and production**Industrial demand**

- Industrial demand for natural colours, flavours and thickeners is for a great part dependent on the presence of a food ingredients industry. Compared to other EU countries, the food ingredient industry in the Czech Republic is small and therefore industrial demand for raw materials is relatively low. Only some local and regionally operating companies have production facilities in the Czech Republic.
- Increased demand for natural and healthy food is expected to stimulate demand for natural colours, flavours and thickeners.

Production

- The Czech Republic is a relatively small producer of pectins. Although raw materials are not abundant, production is relatively high compared to other EU countries since Danisco, a multinational food ingredient manufacturer, has a production facility in the Czech Republic. However, Denmark and Germany are by far the leading pectin producing countries in the EU and in the world.
- Mainly due to climatic conditions, production of raw materials for natural colours, flavours and thickeners in the Czech Republic is negligible.

Trends

- Increased demand for low-energy, low-fat food. Hence, more demand for healthy (organic) ingredients.
- Increased demand for convenience food with a long shelf-life.
- Industry sources indicate that Czech Republic consumers are becoming more health-aware, thus stimulating the demand for natural colours, flavours and thickeners.

Opportunities and threats

- Increased health awareness is expected to stimulate demand for natural food ingredients. Please note, however, that the Czech Republic remains a relatively small consumer of natural colours, flavours and thickeners.

Useful sources

- PKCR (<http://www.foodnet.cz/>): Federation of the Food and Drinks Industries of the Czech Republic.

2. Trade: imports and exports

Imports

- The Czech Republic is a small importer of natural colours, flavours and thickeners, accounting for 1% of total EU imports (in terms of value). In 2005, imports amounted to € 18.8 million / 3.6 thousand tonnes. In the period 2001 – 2005 import value increased by 4% annually.
- In 2005, 23% of Czech Republic imports was supplied by developing countries. Mexico was the leading supplier, accounting for 18% of total import value, followed by India (3%).
- In 2005, Czech Republic imports of natural colours, flavours and thickeners consisted of pectates, agar-agar, mucilages and thickeners (63%), essential oils (15%), natural colours (13%), natural gums, resins and balsams (4%), flavours (3%) and manioc starch (2%).

Exports

- The Czech Republic accounts for 2% of total EU export value and can therefore not be considered as an important exporter. In 2005, exports amounted to € 21.9 million / 3.3 thousand tonnes.
- In the period 2001 – 2005, export value increased considerably, by 140%. In comparison, the export value for the whole EU decreased by 4% over the same period.
- In 2005, Czech Republic exports of natural colours, flavours and thickeners consisted of pectates, agar-agar, mucilages and thickeners (96%), essential oils (2%), natural colours (1%), natural gums, resins and balsams (0%), flavours (0%) and manioc starch (0%).

Opportunities and threats

- Import value and volume sourced in developing countries increased in the period 2001 – 2005, but the Czech Republic remains a small market.
- Moreover, most ingredients for the Czech Republic food industry are supplied by other, surrounding countries. Therefore, developing country exporters of raw materials could supply the Czech Republic market through ingredients manufacturers in other EU countries.

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 Czech Republic is a relatively small market. In general, the multinational flavour houses and traders active in the EU market have not paid much attention to the Czech market. They only sell their products through sales offices in nearby countries, but also supply the Czech market through local distributors.

- Danisco Czech Republic AS (<http://www.danisco.com>): producer of pectin.
- Frujo AS (<http://www.frujo.cz>): producer of natural flavours.
- Amerex (<http://www.amerex.cz>): distributor of colours, flavours and thickeners.
- The following multinational food ingredient companies have sales offices in the Czech Republic: Sensient Technologies Corporation, Givaudan, Firmenich, Chr. Hansen and Döhler.

Some Internet sources with more information on trade partners in the Czech Republic (importers, agents and processing industries) are the following:

- The Food World: <http://www.thefoodworld.com>
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)
- Europages: <http://www.europages.com> (EU business directory)

4. Prices

- In general, prices for natural colours, flavours and thickeners are the same as in the rest of the EU.

- If any price differences exist, they are related to product origin and buyer preferences (quality demanded, order size etc.), and on negotiations with partner companies. Prices provided in the market survey covering the EU should be used as a reference point only.
- Prices for most natural colours, flavours and thickeners are decreasing in the long term. However, much of the price decrease is realized by less expensive processing. Prices of raw materials have decreased less, as they already became commodities decades ago.
- Seasonal price differences will remain common, due to the dependency of harvests on the weather.

For more detailed information on prices, refer to the survey covering the EU or to:

- The Public Ledger (<http://www.public-ledger.com>): Prices for selected colours, flavours and thickeners
- MCX India (<http://www.mcxindia.com/>): Prices for menthol and guar
- Quarterly Review of Food Hydrocolloids: Prices for hydrocolloids

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

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 world organic food markets: <http://www.greenmarketing.cz/magazine>

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 every other year 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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