

CBI MARKET SURVEY

THE NATURAL COLOURS, FLAVOURS AND THICKENERS
MARKET IN SLOVAKIA

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the market for colours, flavours and thickeners in Slovakia. 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**

- Most of the large manufacturers of colours and flavours, using raw materials, are not known to have significant production facilities in Slovakia. Demand for raw materials is expected to be relatively small.
- The industrial demand for end-products is expected to increase in East European and Central European countries such as Slovakia. Various flavour houses such as Sensient Technologies, Firmenich and ETOL have marked East European countries as (potential) growth markets for their products. Note that the production facilities (where raw materials are processed) of most of these companies are located in other countries.
- Currently, most colours and flavours used in the food industry in Slovakia are synthetic. However, the preference leans more and more towards natural ingredients.

Production

- Slovakian production of the raw materials for colours, flavours and thickeners is absent or negligible. The main factor is the lack of appropriate climatic conditions for the cultivation of many of the plants which are the basis of the raw materials.

Trends

- Trends in Slovakia are similar to the trends in the EU as a whole. There is an increased demand for low-fat food with only natural additives, which fits in a healthy lifestyle. Hence, more demand for healthy (organic) ingredients. Refer to the survey covering the EU for more detailed information. Note that these trends are less strong than in many of the West European countries.
- The food-processing industry is becoming concentrated as a result of foreign investments.
- The economic growth in Slovakia leads to increased spending power, which in turn stimulates demand for the more expensive, natural food ingredients.

Opportunities and threats

- The lack of domestic production of natural colours, flavours and thickeners indicates a need to import these products. However, demand is small as well, thus suppressing the need for imports.

Useful sources

- UPZPPS (http://www.azzz.sk/us_upzpp.htm): Union of Entrepreneurs and Employers of the Slovakian Food Industry
- PKS (<http://www.potravinari.sk/page285en.html>): Food Chamber of Slovakia

2. Trade: imports and exports

Imports

- Slovakia can be considered as a small-scale importer of natural colours, flavours and thickeners, accounting for less than 1% of total EU imports in 2005 (in terms of value). In 2005, Slovakia's imports amounted to € 4.2 million / 0.6 thousand tonnes. In the period 2001 – 2005, import value increased by 9% annually.
- In 2005, imports sourced in developing countries accounted for only 7% of total imports. The leading developing country supplier was India, accounting for 6% of total import value.
- In 2005, Slovakia's imports of natural colours, flavours and thickeners consisted of pectates, agar-agar, mucilages and thickeners (65%), essential oils (17%), natural colours (13%), natural, resins and balsams (4%), flavours (1%) and manioc starch (1%).

Exports

- Slovakia is one of the smallest EU exporters of natural colours, flavours and thickeners, accounting for less than 1% of total EU exports in 2005. The same year, Slovakia's export amounted to € 0.1 million / 20 tonnes.
- In the period 2001 – 2005, Slovakia's export value decreased by 2%, whereas export value for the EU as a whole decreased by 4% over the same period.
- In 2005, Slovakia's export of natural colours, flavours and thickeners consisted of natural colours (72%), essential oils (24%) and pectates, agar-agar, mucilages and thickeners (4%). According to Eurostat data, no export of flavours, manioc starch and natural gums, resins and balsams takes place.

Opportunities and threats

- Slovakia's imports are small and come almost entirely from other EU countries.
- The trade structure as discussed in the next section indicates that developing country exporters of raw materials could supply the Slovakian 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

Slovakia 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 Slovakian market. They mostly sell their products through sales offices in nearby countries, but also supply the Slovakian market through local distributors.

- Unimar Spol. S.r.o. (<http://www.madeinslovakia.sk/unimar/>): producer of natural flavours.
- Givaudan (<http://www.givaudan.com>): manufacturer of flavours. Has a sales office in the Czech Republic which also covers Slovakia.
- International Flavours & Fragrances (<http://www.iff.com>): supplier of flavours. Has a sales office in Slovakia.
- Sensient Food Colors Europe (<http://www.sensient-fce.com>): second largest producer of colours in the world and sixth largest flavour company. Has an office in Slovakia (colours).
- Firmenich (<http://www.firmenich.com>): third largest flavour company in the world, headquarters in Switzerland, buying essential oils and other flavour ingredients. Uses agent Lukro spol s.r.o. in Slovakia (<http://www.lukro.sk/>).
- Chr. Hansen (<http://www.chr-hansen.com/>): largest producer of colours in the world, headquarters in Denmark, supplier of colours, flavours, cultures, enzymes and more. Has a sales office in Denmark which also covers Slovakia.
- Döhler (<http://www.doehler.com>): German manufacturer of flavours and colours. Has a sales office in the Czech Republic which also covers Slovakia.

Some Internet sources with more information on trade partners in Slovakia (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 Slovakia, please refer to the following sources.

Trade Associations

- Food Chamber of Slovakia / Potravinárska Komora Slovenska (PKS):
<http://www.potravinari.sk/page285en.html>

Trade press

- No trade press of interest was encountered in Slovakia

Trade fairs

- No trade fairs of interest were encountered in Slovakia

Other

- A possible source for cultural specifics of Slovakia, please refer to
<http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/index.html>

This survey was compiled for CBI by ProFound - Advisers in development.

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