

CBI MARKET SURVEY

The sanitary ware and ceramic tiles market in the Czech Republic

Publication date: December, 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the sanitary ware and ceramic tiles market in Czech Republic. The information is complementary to the information provided in the CBI market survey 'The Sanitary Ware and Ceramic Tiles 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

- In the Czech Republic sanitary ware and ceramic tiles market represented about € 587 million in 2005.
- The Czech Republic is one of the smaller consumer markets in the EU. It consumes about 1% of the total EU consumption.
- Total consumption declined by 6% per year. Czech Republic is ranked 10th based on consumption, above Greece and below Sweden.
- Czech consumption of sanitary ware and ceramic tiles consisted of ceramic sanitary ware (8%); iron or steel sanitary ware (24%); unglazed ceramic flags and paving, hearth or wall tiles (4%); glazed ceramic flags and paving, hearth or wall tiles (27%).
- Glazed ceramic flags and paving, hearth or wall tiles followed by iron or steel sanitary ware were the highest consumed product segment.
- Current figures a rather stagnant consumption for ceramic tiles and sanitary ware and this is more likely to continue in the short run.
- The government has been trying to revive the real estate as well as the construction industry and it's likely that in the long run the trends are more indicative of positive consumption.

Production

- In the Czech Republic sanitary ware and ceramic tiles market, about € 586 million or 73 thousand tonnes of product was produced in 2005.
- Total production declined by 8% per year. Czech Republic is ranked 11th based on production, above Slovakia and below Belgium.
- In the coming years, total production is expected to continue declining as production is moved to more cost competitive locations.
- Czech Republic's production of sanitary ware and ceramic tiles consisted of plastic ceramic sanitary ware (13%); ceramic sanitary ware (8%); iron or steel sanitary ware (3%); unglazed ceramic flags and paving, hearth or wall tiles (17%); glazed ceramic flags and paving, hearth or wall tiles (57%).
- Declining production levels are indicative of a stagnant market. This negative trend is likely to revive itself due to changes in the political structuring and revival of the economy. Production may get a boost in the long run due to these economic policies, followed by stable political leadership and its accession to EU.
- Czech Republic could become a hub for outsourcing some production activities from the affluent member states.
- The Austrian producer Lasselsberger is the biggest producer in the Czech Republic of ceramic tiles.

Opportunities and threats

Please note that an opportunity for one exporter might be a threat to another.

- + Czech bathroom accessories producer and distributor GRUND, got a € 5.8 million order from Germany, this indicates that the sanitary ware manufacturers are seeing some positive prospects to continue investing in the market.
- + In order to attract more DIY enthusiasts and women shoppers home decoration ranges are being widened. Thus there is a demand for new decorative range of sanitary ware and ceramic tiles.
- + Due to the ongoing restructuring the market trends are likely to be positive in the long run.
- + The demand for high end ceramic tiles and sanitary ware is likely to be low as the level of disposable income and lifestyle is low. Thus exporters are likely to benefit by supplying products that are priced competitively.
- The ceramic tile industry is one of the traditional industrial branches in the Czech Republic thus competition from local producers would be high.
- Given that the recessionary state is likely to continue due to declining growth rates of consumption and production in the short run, it is advisable not to invest large amounts into this market but read into the market signals cautiously before investing.
- Unlike the other EU markets their consumption of iron and steel sanitary ware is quite high so there is some scope for exporters from DC to supply.

Refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' for more information on opportunities and threats.

2 Trade channels for market entry

The most important trade channels in the Czech market for exporters in developing countries (DC) are wholesalers or importers, and retailers. Some of them are listed below and contains valuable information on doing trade with Czech Republic.

- Czech Republic business web portal on trade contacts - <http://www.businessinfo.cz/en/section/trade-contacts/1001021/>
- European Databank, the second leading company in the Czech Republic information market - http://www.edb.cz/Prezentace/EN/E_edb/E_edb.htm

Some distributors, wholesalers in the Czech Republic market are listed below:

- ALCA PLAST ranks among the biggest producers of sanitary ware filling and flush valves, bath siphons, etc- <http://www.alcaplast.cz>
- BEMETA DESIGN - Production, wholesale, sale: -bathroom accessories - www.bemeta.cz

Retailers in the Czech Republic market include:

- GRUND - <http://www.grund.cz/>
- LAUFEN CZ s.r.o. is the biggest producer and seller of sanitary ware - http://www.askpcr.cz/eng/firmy/Laufen_CZ/index.htm
- <http://www.askpcr.cz/>

For additional information on the important trade channels please consult the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU'. Included is information such as the price margins and how they differ per trade channel.

3 Trade: imports and exports

Imports

- In the Czech Republic sanitary ware and ceramic tiles market, about € 158 million or 34 thousand tonnes of product were imported in 2006.

- Czech Republic is one of the smaller importers in the EU. It imports about 2% of the total imports in the EU. France imports 19% and Germany 14%. Czech Republic is ranked 14th based on imports, above Portugal and below Denmark
- Total imports grew at 29% per year. No import figures are available before 2004.
- Of the total percentage of imports, approximately 91% was imported from other EU countries, 8% from other extra-EU, and 1% from DC. China followed by Turkey are the top two DC exporting to Czech Republic
- Czech Republic importation of sanitary ware and ceramic tiles consisted of plastic sanitary ware (30%); ceramic sanitary ware (14%); iron or steel sanitary ware (12%); unglazed ceramic flags and paving, hearth or wall tiles (9%); glazed ceramic flags and paving, hearth or wall tiles (34%).
- The share of imports from DC has been increasing over the years from 5% in 2004 to 7% in 2006.
- Glazed ceramic flags and paving, hearth or wall tiles followed by plastic sanitary ware are the highest imported product category.
- The consumption figures indicate that exporters from DC could benefit from exporting Iron and steel products in the short run however in the long run it will shift towards ceramic sanitary ware, more consistent with the EU trends.
- The proportion of DC share in total imports is quite moderate and could improve further if the economic parameters improve and the markets stabilise as a consequence of restructuring and political stability.

Exports

- In the Czech Republic sanitary ware and ceramic tiles market, about € 211 million or 113 thousand tonnes of product was exported in 2006.
- The Czech Republic is one of the smaller exporters in the EU. It imports about 2% of the total exports.
- Total exports are growing. From 2004 to 2006 exports grew at 40% per year.

Opportunities and threats

Please note that an opportunity for one exporter might be a threat to another.

- + Present trends indicate that the production is rather stagnant and thus local demand is met through imports.
- + Given the present purchasing power and living standards reasonably price products would be preferred.
- + The DIY market is gaining momentum thus this could be an opportunity.
- Due to decline in both production as well as consumption any import decision or investment activities should be carried out with caution.
- Price competition is likely to be the type of completion that exporters are likely to confront.

Refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' for more information on opportunities and threats.

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>

4 Price developments

Some prices are indicated in the following website of a leading sanitary ware retailer in Czech Republic <http://www.siko-koupelny.cz/Online-prodej.aspx?clanek=115709>. In general the prices have risen due to increase in the cost of raw materials, labour and energy. Sanitary ware and ceramic tile industry is particularly sensitive to these increases. This coupled with the inflationary pressures are likely to keep the costs high as inflation has been steadily increasing since 2002 http://www.worldwide-tax.com/czech/cze_infl.asp. Some more information on trade tariff and import regulation can be found in the following website http://www.fita.org/countries/czech.html?ma_rubrique=marche.

5 Market access requirements

As a manufacturer in a developing country preparing to access Czech Republic, you should be aware of the market access requirements of your trading partners and the Czech government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select sanitary ware and ceramic tile products and Czech Republic in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>. Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Czech Republic, visit the following websites:

Trade associations

- Association of the Glass and Ceramic Industry of the Czech Republic - <http://www.askpcr.cz/>
- Confederation of Industry of the Czech Republic - <http://www.spcr.cz>
- CzechTrade, Promotion Agency - <http://www.czechtrade.cz>
- National Trade Promotion Agency of the Ministry of Industry and Trade of the Czech Republic - <http://www.czechtradeoffices.com/en>

Trade shows

- Tendence – sanitary ware and ceramic tiles - <http://www.itendence.cz/>
- Pragointerier – sanitary ware and ceramic tiles - <http://www.pragointerier.cz/>
- Mobitex – sanitary ware and ceramic tiles - <http://www.bvv.cz/mobitex-gb>
- Pragotherm / Pragoregula – International Trade Fair for Power Engineering, Heating, Sanitary Technology - <http://www.pragotherm.cz/main.php?pageid=1854>

Trade Press

- The paperless newspaper is put out by Centrum.cz, the second largest Web portal on the market - <http://www.cbw.cz/phprs/search.php?rsvelikost=uvod&rstext=all-phpRS-all&rstema=2&stromhlmenu=2>
- Czech business weekly - www.cbw.cz/
- A monthly publication focusing on business in the Czech Republic - www.prague-tribune.cz/
- Ddaily business news about Czech Republic - www.czechforum.net/archive/index.php/f-7.html

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