CBI MARKET SURVEY

The fresh fruit and vegetables market in the Czech Republic

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Introduction

This CBI market survey gives exporters in developing countries (hereafter DCs) information about the main features and developments in the fresh fruit and vegetables market in the Czech Republic. The information is complementary to the information provided in the CBI market survey 'The fresh fruit and vegetables market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products, some general remarks on the statistics used, and information on other available documents that cover this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

In 2007, total apparent consumption[1] of fresh fruit was 833 thousand tonnes and of fresh vegetables it was 663 thousand tonnes. With a share of 1.8% in fruit consumption and of 1.1% in vegetables consumption in the EU, the Czech Republic is one of the smaller markets.

Between 2002 and 2007, apparent consumption of ***fresh fruit*** rose by 2% in volume. In 2007, the Czech pro capita consumption was 81 kg, much lower than the average EU consumption of 94 kg. Most popular fruits are apples, bananas and citrus fruit.

The apparent consumption of ***fresh vegetables*** increased by 7% in volume between 2002 and 2007. In 2007 the pro capita consumption amounted to 64 kg, nearly half the average pro capita consumption (120 kg) in the EU. The most popular vegetables are cabbages, tomatoes, onions and cucumbers.

Trends in consumption

In addition to general consumer trends, such as those relating to health, convenience and pleasure, described in the CBI market survey 'The fresh fruit and vegetables market in the EU', the following trends are specifically relevant for the Czech Republic:

- Traditionally the Czech kitchen was heavy, with a lack of fresh vegetables, but there is a growing interest in lighter and healthier food.
- The interest in international cuisine is growing.
- Organic food consumption is increasing.

Production

Production of fruit and vegetables in the Czech Republic is small compared to other EU countries; for fresh fruit it accounted for 1% and for fresh vegetables for 0.5% of the total EU production in volume in 2007 (FAO, 2008).

In 2007, the Czech Republic produced 391 thousand tonnes of ***fresh fruit***, a decrease of 13% compared to 2002, but the figure fluctuated during these years, influenced by the weather conditions. The main product is apples with 64% of the total production. The remaining share consists of plums with 10% and lots of smaller products such as strawberries, apricots, cherries and peaches.

[1] Calculation is based on data from Eurostat (2007, 2008) and the Food Agriculture Organisation (FAO, 2008). Apparent consumption is calculated as production plus imports minus exports and includes industrial and consumer demand.

The production of ***fresh vegetables*** amounted to 298 thousand tonnes in 2007, a decrease of 11% compared to 2002, and also in this case crops are influenced by the weather conditions. The main products were cabbages (20% of total vegetables production in volume), onions (17%), cucumbers (13%) and tomatoes (12%).

Trends in production
- The production of fresh fruit and vegetables is under pressure, because of cheaper imported products

Opportunities and threats
+ Domestic production of fresh fruit and vegetables covers about half of internal demand, so the Czech Republic is heavily depending on imports.
+ The increasing income level is expected to boost imports of exotics in the medium and long term. The global economic crisis may delay this process in the short term.

More information on opportunities and threats can be found in Chapter 7 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

2 Trade channels for market entry

Supermarkets either have their own import facilities or imports are organised by their parent companies, often German based. Local importers or agents import from other EU countries and some directly from DCs. Therefore, importers and agents, either independent or related to supermarket chains, are the best business partners for exporters in DCs. Some of the main importers of fresh fruit and vegetables in the Czech Republic are:
- Ceroz Frucht (http://www.ceroz.com/index_en.htm);
- Hortim (http://www.hortim.cz/index_e.htm);
- VVISS (http://www.vviss.cz/index.php?lang=eng&show=about);
- Tekoo (http://www.tekoo.cz/english.htm).

A more elaborate list of importers can be found on the following websites:
- Wer Liefert Was – http://cz.wlw.cz/start/CZ/en;
- Czech Trade – http://catalog.czechtrade.us/agriculture/ .

The most important wholesale market is located in Prague: Lipence, – http://www.vt.cz.

The Czech retail market is dominated by foreign companies, mainly German ones. The number one is the Schwarz-Gruppe, leading in the hypermarkets, and the number two is the Rewe-Gruppe, leading in the discounters and supermarkets. Together, the five largest retailers nearly have 50% market share.

- Schwarz-Gruppe (Kaufland and Lidl, German) – http://www.lidl.cz and http://www.kaufland.cz;
- Rewe-Gruppe http://www.rewe.de;
- Ahold (Hypernova and Albert, Dutch) http://www.ahold.cz;
- Tesco (UK) – http://www.tesco-shop.cz;
- Makro Cash&Carry (part of the German Metro Group) - http://www.makro.cz.

Margins vary strongly depending on the type and quality of product, the distribution channel, the continual changes in supply and demand and resulting price fluctuations. It is estimated that European importers need a trade margin of some 5-10 percent to cover their business costs and risks. More information on margins can be found in Chapter 5 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

3 Trade: imports and exports

Imports

In 2007, the Czech Republic imported 575 thousand tonnes of ***fresh fruit*** with a value of € 339 million (Eurostat 2007, 2008), which is 1.6% of total EU imports, and consequently the country is one of the smaller importers in the EU. However, imports rose by 45% in value between 2003 and 2007. In 2007, 95% of the imports originated in other EU countries and nearly 5% in DCs.

The main imported fresh fruits are bananas, with 21% of total imports by value, of which 7% originated in DCs. Oranges, mandarins and tangerines together accounted for 19% of the imports, followed by table grapes (14%) and apples (11%). Between 2003 and 2007, imports of fresh fruits increased by 39% in value. The fastest growing fruit imports were registered for apples (+131% in value), bananas (+30%) and pineapple, the latter showing an impressive growth of 211% in value and 476% in volume! However, pineapple is still a small category in imports. In 2003 nearly the total volume of pineapples (two thousand tonnes) originated in DCs; in 2007 only one thousand tonnes of the total 18 thousand tonnes came directly from DCs. The other 17 thousand tonnes were imports through France, the Netherlands, Germany and Belgium.

The imports of ***fresh vegetables*** amounted to 426 thousand tonnes in 2007, with a value of € 268 million. The share in total EU imports was 2.3% in value, making it one of the smaller importing countries. However, between 2003 and 2007, imports rose by 79% in value. In 2007, 98% of the imports came from other EU countries and nearly 2% from DCs. Imports from DCs decreased by 62% in value between 2003 and 2007. The main imported products in 2007 were tomatoes (29% of fresh vegetables imports in value), sweet peppers (17%) and cucumbers (12%). The imports of these three products rose by 91% in value for tomatoes, 43% for sweet peppers and 52% for cucumbers. DC value shares in tomato imports were 1.5% and in sweet peppers imports 3.1%, but compared to 2003 their absolute value decreased by resp. 80% and 12%.

Exports

The Czech Republic is a very small exporter with only 132 thousand tonnes of fresh fruit and 61 thousand tonnes of fresh vegetables in 2007, a share of resp. 0.8% and 0.6% of total EU exports. All exports were destined to other EU countries. Between 2003 and 2007, the exports of fresh fruit increased by 38% in value and of fresh vegetables by 728%.

Opportunities and threats

+ Pineapple and banana imports showed very strong growth.
- Most exotics are imported from other EU countries, only 5% of the pineapple imports and 7% of the banana imports came directly from DCs.
- Fresh vegetables imports from DCs decreased strongly.

More information on opportunities and threats can be found in Chapter 7 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu.
- Eurostat – official statistical office of the EU - http://epp.eurostat.ec.europa.eu.

4 Price developments

The CBI market survey 'The fresh fruit and vegetables market in the EU' gives information on price levels of fresh fruit and vegetables in the EU. Prices in the Czech market will not differ much from the EU level. Prices of fresh fruit and vegetables are the result of negotiations between the seller and the buyer. In the negotiation process, many factors influence the final price. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

Price information specific to the Czech Republic may be obtained from Today Market European Markets - http://www.todaymarket.com/eu_pric.htm **–** or from importers and agents.

5 Market access requirements

Manufacturers in developing countries preparing to access the Czech Republic should be aware of the market access requirements of 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 fresh fruit and vegetables and the Czech Republic, 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.

There are EU import tariffs and entry prices for fresh fruit and vegetables. They range from 0% for exotics such as papaya and passion fruits to 17.6% for nectarines. More information on tariffs and quotas can be found at http://exporthelp.europa.eu. Imports from DCs often benefit from preferential or zero import duties.

6 Doing business

Information on doing business, such as 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 the Czech Republic, visit the following websites:

- The Czech Ministry of Industry and Trade of the Czech Republic – http://www.mpo.cz;
- Salima International Food Fair Brno is an interesting trade fair for fresh fruit and vegetables - http://www.bvv.cz/salima-gb;
- http://www.kwintessential.co.uk/resources/global-etiquette/czech.html for information on business culture and practices in the Czech Republic.

This survey was compiled for CBI by Mercadero in collaboration with Piet Schotel.