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 information on major 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 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.nl/marketinfo.

1. Market description: consumption and production

Consumption[1]
In 2003, total fruit consumption was 760 thousand tonnes (75 kg per caput), an increase of 6% compared to 2002. The most popular fruits were apples (33% of total fruit consumption), oranges and other citrus fruit (16%), bananas (13%), cherries (5%) and plums (5%) (FreshFel Europe 2004).

In 2003, total vegetables consumption was 803 thousand tonnes (79 kg per caput), a decline of 10% compared to 2002. The most popular vegetables were cabbages (13% of total vegetables consumption), onions (13%) and tomatoes (12%). From 2002 to 2003, consumption of cabbages, onions and carrots decreased, while consumption of tomatoes and cucumbers increased (FreshFel Europe 2004).

Production
The Czech Republic is a small producer of fruit, accounting for 1% of total EU production.
In 2005, fruit production was 447 thousand tonnes, an increase of 7% compared to 2001 (FAO 2006). Apples were the most important product, accounting for 54% of total fruit production. Other important products are grapes (17%), cherries (6%) and plums (6%).

In 2005, vegetables production amounted to 290 thousand tonnes, less than 1% of total EU production (FAO 2006). From 2001 to 2005, vegetables production decreased by 31%. The main products were onions (23% of total vegetables production), cabbages (22%), carrots (14%) and tomatoes (7%).

Trends
The Czech economy is growing and consumers have more money to spend. Although the disposable income is low compared to the old EU countries, it is one of the highest of the new member countries. The increased spending power is also witnessed by a growing out-of-home consumption (USDA 2005).

Convenience is one of the important trends in food retailing, reflected in the increased offer of these products in retail stores.

[1] These figures may differ from figures in the CBI market survey Fresh fruit and vegetables in the EU. In the CBI market surveys covering individual countries, national sources are preferred for providing the most detailed information, while the general survey uses statistics that are easily comparable between countries.

Opportunities and threats

Domestic production of fruit and vegetables satisfies about half of the domestic demand. The Czech Republic therefore relies heavily on imports. The increased income level is expected to boost the demand for exotics and high-value products.

Useful sources

- USDA, Foreign Agricultural services. http://www.fas.usda.gov
- FAOSTAT, Statistical Database on Agricultural Production - http://faostat.fao.org
- FreshFel, forum for the European fresh fruits and vegetables chain- http://www.freshfel.org
- Ministry of Agriculture of the Czech Republic - http://www.mze.cz/en

2. Trade: imports and exports

Imports

In 2005, Czech fruit imports were €339 million and 663 thousand tonnes , 2% of total EU import value in 2005 (Eurostat 2006). Since 2001, import value of fruit has increased by 83%. 74% of total value was imported form other EU countries; 26% of the imported fruit came from developing countries.

In 2005, total vegetables imports were €199 million and 379 thousand tonnes (2% of total EU import value). From 2001 to 2005, import value of vegetables increased by 78%.
98% of total import value in 2005 came from other EU countries; 1% came from developing countries.

Fruits with the largest import value in 2005 were bananas (36% of total import value in 2005), grapes (12%) and tangerines (10%). Spain, Germany, Italy and the Netherlands are the main suppliers. Fruit products with the largest imports from developing countries were bananas, lemons and limes, tangerines, grapefruit and strawberries. As much as 65% of all bananas is imported directly from developing countries mainly in Latin America (Table 2.2).

Vegetables with the largest import values in 2005 were tomatoes, sweet pepper and cucumbers. Spain, the Netherlands, Poland and Germany are the main suppliers of vegetables. Vegetables with the largest imports from developing countries were sweet pepper, tomatoes, sweet peppers and cucumbers. For each of these vegetables, Turkey is the main supplying country (Table 2.1).

Table 2.1 Import from developing countries by Czech Republic and leading suppliers, import value in thousand euro (€)

Total fruit	**26% of total import value 2005**	
Products	**DC imports**	**Leading DC suppliers**
Bananas	79,960	Panama (29%), Costa Rica (26%), Colombia (25%), Ecuador (14%)
Lemons and limes	2,735	Turkey (100%)
Tangerines	1,112	Turkey (62%), Egypt (37%), Argentina (1%)
Grapefruit	1,029	Turkey (98%), Thailand (2%)
Strawberries	585	Egypt (100%)
Total vegetables	**1% of total import value 2005**	
Products	**DC imports**	**Leading DC suppliers**
Tomatoes	1,248	Turkey (92%), Morocco (7%), FJR Macedonia (1%)
Sweet peppers	432	Turkey (75%), Morocco (11%), FJR Macedonia (10%)
Cucumbers	107	Turkey (85%), Morocco (9%), FJR Macedonia (6%)

Source: Eurostat 2006

Exports

The Czech Republic is a very small exporter of fruit and vegetables, accounting for 0.8% of total EU export value of fruit (Eurostat 2006). Exports of fruits increased from €13 million in 2001 to €93 million in 2005. The volume of exports increased from 55 thousand tonnes in 2001 to 176 tonnes in 2005. The main fruits exported were bananas, apples, and tangerines.

In 2005, the export of vegetables amounted to €24 million and 48 thousand tonnes, 0.3% of EU export of vegetables by value. Since 2001 exports of vegetables have increased more than fourfold. The main export products are tomatoes, sweet peppers and cucumbers.

Opportunities and threats

The Czech Republic is becoming an important importer and re-exporter of exotics for central Europe. This is especially so for bananas, but other exotics may follow. Except bananas, however, most exotics (except bananas) and off-season fruit are still imported from other EU countries. There may be opportunities to supply the Czech Republic directly, as well as targeting intermediary countries such as Belgium, the Netherlands and Germany.

Imports of vegetables from developing countries are small with a strong position for Turkey and Morocco.

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
- The German magazine Fruchthandel published a special report "Fresh produce trading in eastern European countries'. Please check their website – http://www.fruchthandel.de.

3. Trade structure

In 2003, hypermarkets, supermarkets and discount stores accounted for 75% of total food retail sales, while in 1997 their share was only 34%. Especially the hypermarkets have increased their market share at the cost of small, independent, grocery stores. According to a study by ACNielsen, supermarkets are the most important type of outlet for fresh fruit and vegetables in the Czech Republic. They account for 40% of the sales, followed by hypermarket (25%) and greengrocers (19%) (Fruchthandel 2005).
Multiple retailers have either their won import facilities or are part of a buying group. The largest retailers in the Czech Republic are foreign-owned companies (USDA 2004):

- Makro Cash&Carry (http://www.makro.cz);
- Hypernova hypermarket (http://www.ihypernova.cz);
- Kaufland hypermarket (http://www.kaufland.de);
- Lidl (http://www.lidl.de);
- Billa/Penny Market (http://www.rewe.de).
- .

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

For a list of importers, please try the following websites:

- Wer Liefert Was - http://cz.wlw.cz/start/CZ/en.
- Ministry of Industry and Trade of the Czech Republic – http://www.mpo.cz.

4. Prices

From 2003 to 2005, the average import price of fruit increased by 5%, to €0.51 per kg, one of the lowest price levels in the EU. The average price of fruit imported from developing countries increased by 20% to €0.65. The price level and development of selected products are: bananas +41%, €0.65; lemons and limes +8%, €0.63; tangerines -2%, €0.63; grapefruit +9%, €0.65; strawberries -3%, €2.53.

Over the same period, the average import price of vegetables increased by 9% to €0.53 per kg, again one of the lowest price levels in the EU. The average price of vegetables imported from developing countries increased by 53% to €0.85 per kg. The price level and development of selected products were: tomatoes +31%, €0.86; sweet peppers +22%, €0.87; cucumbers +28%, €0.50.

For price information, you may try Today Market European Markets - http://www.todaymarket.com/eu_pric.htm.

Importers and agents can also give up-to-date information on the price levels of individual products.

5. Market access requirements

Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country 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.nl/marketinfo

For fresh fruit and vegetables, the reduced value-added tax (VAT) rate of 5% is applicable.

6. Business practices

For information on doing business in the Czech Republic, please contact the Ministry of Industry and Trade of the Czech Republic – http://www.mpo.cz

The Salima International Food Fair Brno is an interesting trade fair for fresh fruit and vegetables - http://www.bvv.cz/salima-gb.

7. References

Eurostat. 2006. Statistical Office of the European Communities, COMEXT database on external trade, available at http://fd.comext.eurostat.cec.eu.int/xtweb/.

FAO. 2006. FAOSTAT, Statistical Database on Agricultural Production. Available at http://faostat.fao.org.

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