



Voluntary Report - public distribution

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GAIN Report #EZ0019

## Czech Republic

### Wine

## Potential for U.S. Suppliers

### 2000

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**Report Highlights:** Wine consumption in the Czech Republic has doubled since 1989 and last year total viticulture imports were about \$40 million. The Czech Republic produces only about half of its total wine consumption and U.S. wines have market potential, especially in the capital Prague. Market sectors to focus on are tourism (hotels and restaurants) and the growing upper class.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Vienna [AU1], EZ

## **Characteristics of the Czech Wine Market**

Viticulture has a thousand year tradition in the Czech Republic and represents about 2% of total agricultural production. There are ten legally recognized appellations in Moravia and six in Bohemia covering about 11,000 hectares. Due to its climate, southern Moravia is the main wine area. In 1999/2000 total wine production reached 67,000 MT, which is the highest level of production in 15 years. Grape quality is also said to be very good this year, in part due to dry weather. About 80 percent of vineyards are planted with white grape varieties and 20 percent with red varieties. The following are traditional varieties of grapes for white wines: “Ryzlink Rynsky” (Rheinriesling), “Ryzlink Vlassky” (Welschriesling), “Veltlinske” (Veltliner); and for reds: “Frankovka” (Lemberger, Blaufrankisch), “Svatovavrinecke” (Saint Laurent), “Modry Portugal” (Blauer Portugieser) or the new variety “Andre”. Some wine growers do offer varieties that are typical to southern areas (such as Cabernet) but quality tends to suffer due to the Czech Republic’s cooler weather.

Each year wine growers restore about 300 hectares of old vineyards. The government would like to have 16,000 hectares of vineyards when the Czech Republic eventually joins the European Union.

A 1995 wine law defines several wine categories:

1. “stolni vino” (table wine) - on the label there cannot be variety or area; sugar may be added according to regulations
2. “jakostni vino” (quality wine) - must consist of at least 85% wine from an approved appellation; sugar may be added according to regulations
3. “jakostni vino s privlastkem” (quality wine specified) - refers to quality wine made in one of the 16 appellations as well as consisting at least 90% of on of the following six categories (based on the natural sugar content; sugar may not be added): cabinet (16%), late harvest (18%), select, berry select, straw wine, and ice wine (26-28%).

Since 1989 wine consumption increased from 8 to 16 liters per capita per year. Czech wine production covers about 50% of domestic consumption and the rest has to be imported. In 1998/99 imports of wine and viticulture products represented about \$40 million. This is a 19% increase compared to the previous year, out of which wine imports went up by almost 8% and reached almost \$17 mil. About half of wine imported is bottled wine, the remaining half is wine in barrels. Imports of red wine exceed imports of white wine, since domestic production of white wine is higher. Popular foreign wines are French, Italian, South African, Chile and American.

Production of organic wine grapes represents only about 0.2% of total vineyard area but is expected to grow.

## Czech Wine Imports

### Imports by HTS code of wine of fresh grapes:

#### 2204 10 Sparkling wine

1998				1999			
Country	1,000 liters	mil. CZK	mil \$US	Country	1,000 liters	mil. CZK	mil \$US
Slovakia	122	21	\$0.63	Germany	699	14	\$0.38
Italy	52	4	\$0.12	Slovakia	455	21	\$0.57
France	38	9	\$0.27	France	55	14	\$0.38
Germany	24	2	\$0.06	Italy	22	2	\$0.05
U.S.	0.6	0	\$0.00	U.S.	0.02	0	\$0.00
<b>Total</b>	<b>557</b>	<b>39</b>	<b>\$1.17</b>	<b>Total</b>	<b>1,288</b>	<b>56</b>	<b>\$1.51</b>

#### 2204 21 Wine of fresh grapes, in containers holding 2 liters or less

1998				1999			
Country	1,000 liters	mil. CZK	mil \$US	Country	1,000 liters	mil. CZK	mil \$US
Spain	14,057	73	\$2.19	Hungary	9,887	103	\$2.78
Slovakia	3,657	109	\$3.27	Spain	9,351	60	\$1.62
Hungary	1,366	22	\$0.66	Slovakia	3,291	103	\$2.78
Italy	729	20	\$0.60	Italy	833	29	\$0.78
France	527	38	\$1.14	France	785	58	\$1.57
Bulgaria	234	4	\$0.12	Bulgaria	447	7	\$0.19
U.S.	28	2	\$0.06	U.S.	35	3	\$0.08
<b>Total</b>	<b>21,005</b>	<b>295</b>	<b>\$8.85</b>	<b>Total</b>	<b>24,851</b>	<b>394</b>	<b>\$10.64</b>

#### 2204 29 Wine of fresh grapes, in containers holding over 2 liters

1998				1999			
Country	1,000 liters	mil. CZK	mil \$US	Country	1,000 liters	mil. CZK	mil \$US
Italy	9,039	100	\$3.00	Italy	14,291	156	\$4.21
Hungary	7,963	74	\$2.22	Slovakia	3,523	58	\$1.57
Slovakia	5,688	95	\$2.85	Hungary	2,969	30	\$0.81
Yugoslavia (x)	2,046	11	\$0.33	Slovenia	3,523	58	\$1.57
Austria	877	9	\$0.27	Austria	1,582	18	\$0.49
Slovenia	396	4	\$0.12	Romania	1,084	7	\$0.19
U.S.	0.6	0	\$0.00	U.S.	0.5	0	\$0.00
<b>Total</b>	<b>26,735</b>	<b>300</b>	<b>\$9.00</b>	<b>Total</b>	<b>26,505</b>	<b>298</b>	<b>\$8.05</b>

(Source: Czech Statistical Office, statistics still use Yugoslavia with Slovenia being separate.)

### Distribution and Marketing

Czech producers distribute about 65% of their wines directly to retail chains, about 30% to wholesalers, which supply restaurants, wine bars, and small retailers, and 4% to customers who

come and buy wine at the producers' site. The remaining 1% represents sales are through the Internet. However marginal the e-business in the Czech Republic currently is, it is a fast growing segment.

Importers of more expensive foreign wines distribute about 50% of products directly to hotels and restaurants, mainly in smaller cities and rural areas. The other 50% is distributed through wholesalers in larger cities. Some importers do not sell in the retail sector (e.g. Robert Mondavi) since mass marketing could hurt the image of an expensive and high quality wine. Importers have another reason for not pushing high quality wines in the retail sector: hotels and restaurants pay full price and do not insist on the huge discounts, long credit terms, and slotting fees that large retailers demand.

### U.S. Wines in the Czech Market

U.S. wines are not as popular in the Czech Republic as other foreign wines, both from Europe and from other 'new world' producers. This is in part attributable to a low level of awareness on behalf of consumers, a strong U.S. dollar, and the good 'quality-for-price' offered by other suppliers. Also, because many down market U.S. brands are sold into the retail sector, the perception of U.S. wine is poor in relation to the price and quality of other imports. There is potential for U.S. wines in the Czech market, especially in the capital city Prague. Market sectors to focus on are tourism and the nouveau riche.

Czech restaurants vary their pricing of wines considerably. Some have a 50% markup but more expensive restaurants sell wine with a 400% mark up. The final consumer price for brands like Haywood, Buena Vista or Mondavi is between 800 to 2,500 CZK (\$20 - \$62) per bottle.

### Pricing

The following table shows sample retail prices in one of the large hypermarkets in Prague:

U.S. Brand or Country	Alcohol content	Content	Retail price in CZK
Deer Valley Chardonnay	13%	750 ml	499 (\$12.47)
Estate Cellars Chardonnay	12.5%	750 ml	479 (\$11.98)
Estate Cellars Cabernet Sauvignon	12%	750 ml	479(\$11.98)
Wente Cabernet Sauvignon	13.5%	750 ml	329 (\$8.23)
Wente Sauvignon Blanc	13%	750 ml	329 (\$8.23)
Western Cellars - white	11%	750 ml	175 (\$4.38)
Western Cellars - red	11%	750 ml	189 (4.73)
Chile	12%	750 ml	239 (\$5.98)

South Africa	12.5%	750 ml	269 (\$6.73)
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Wholesale prices of higher quality wine available in specialized wine bars are listed in the table below.

Bottle of wine	Wholesale price
Napa Valley Chardonnay	1,010 (\$25.25)
Napa Valley Cabernet Sauvignon	1,460 (\$36.50)
Napa Valley Merlot	1,290 (\$32.25)
Woodbridge Sauvignon	425 (\$10.63)
Woodbridge Red Zinfandel	466 (\$11.65)
Haywood Chardonnay	384 (\$9.60)
Buena Vista Pinot Noir	460 (\$11.50)
Buena Vista Cabernet Sauvignon	555 (\$13.88)

### Labeling and Packaging Requirements

Label and packaging requirements can be found in the Law on Viticulture 115/95 Col., amended by 216/00 Col., which came into force on August 21, 2000. These laws are similarly to those found in the EU. By 2003 all legislation will have to fully harmonized with the EU and there will be only one viticulture law. Other health-related requirements may be found in Food Law 110/97, which was also amended this year.

Although not found in the latest legislation on wine, there is a proposal for a Vineyard Fund whereby wine growers would contribute 1.50 CZK (\$0.04) per liter and 300 CZK (\$7) per hectare of production. Money from the Fund would be used for vineyard restoration. Forty percent of Czech vineyards have deteriorated and need to be repaired.

#### **Labeling requirements:**

Label requirements are listed in Wine Law 216/00, paragraph 13. Requirement are:

- name and address of producer, importer or distributor
- name and address of a Czech processor if wine was further processed in the Czech Republic
- country of origin
- wine category according to paragraph 6 (table wine, quality wine, quality wine specified, sparkling wine, aromatic wine, liquor wine)
- content in ml, cl, l, or hl

- alcohol content in %
- quality wine specified
- list one of six categories based on sugar content (see Characterization of Czech Wine Market)
- name of appellation
- year of harvest

### Tariffs and Taxes

Czech WTO commitments include a tariff rate quota for around 92,000 hectoliters, which is quickly used up each year. Czech wine consumption is larger than production, the Ministry of Agriculture has increased other quotas (20% for white wine, 80% for red wine) during the year.

Tariff No.	Description	Special Tariff Rate in 1999	Special Tariff Rate in 2000, Q = within quota tariff
2204 10	Sparkling wine with 8.5% alcohol	41.4	<b>30, Q25</b> (Hungary Q10, Slovenia and Romania Q25)
2204 21	In containers holding 2 liters or less	37.4	<b>30, Q25</b> (Hungary Q10, Slovenia, Romania and Bulgaria Q25)
2204 29	In containers holding over 2 liters	78.9	<b>75, Q25</b> (Hungary Q10, Slovenia, Romania and Bulgaria Q25)
2205	Vermouth	15	<b>14</b> (EU 10, EFTA 10, Slovenia Q10)

The value added tax (VAT) on wine is 22%. There is also a 23 CZK/liter (\$0.57) excise tax on sparkling wines and a 16.40 CZK/liter (\$0.41) excise tax on vermouth. The excise tax on wine was abolished on July 1, 2000.

### Trade Fairs

#### SALIMA

SALIMA is the second largest food show in Central Europe and is held each year in March. The Foreign Agricultural Service sponsors a booth at SALIMA featuring, among other products, California wine. U.S. exporters interested in exhibiting at SALIMA may contact:

American Embassy Vienna  
 Foreign Agricultural Section  
 Ms. Andrea Fennesz-Berka  
 Regional Marketing Specialist

Phone: +43-1-31339-2364  
Fax: +43-1-310-8208  
E-mail: [agvienna@compuserve.com](mailto:agvienna@compuserve.com)

## VINEX

The VINEX fair was first held in 1992 and so far it has taken place every year in Brno along with SALIMA Food Show. The exhibitors, however, have requested that the VINEX fair in Brno alternate between Brno and Prague every second year. This year is the first year that VINEX is held in Prague.

VINEX Project Manager  
Ms. Vargova  
Phone: +420-5-4115-2946  
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E-mail: [vinex@bvv.cz](mailto:vinex@bvv.cz)  
Internet: [www.bvv.cz/calendar](http://www.bvv.cz/calendar) (list of all fairs organized by Brno Trade Fairs and Exhibitions)

## VINO '99, 2000, etc.

In May 2000 the third VINO Exhibition took place in Prague. There were 48 mainly Czech exhibitors this year. The exhibition was very successful and is competing with VINEX as the premier wine show.

For more information contact:

Company: TTG  
Contact: Ms. Anna Hudcova  
Phone: +420-2-2426-2751  
Fax: +420-2-2426-2751  
E-mail: [ttg@comp.cz](mailto:ttg@comp.cz)

## **Contacts**

### **A. Importers and Associations**

#### ***Importers:***

Company: **Racke**  
Contact: Mr. Alexandr Hejzlar  
Title: Managing Director  
Address: Zlatnicka 6, 110 00 Praha 1, Czech Republic  
Phone: +420-2-2187-7219  
Fax: +420-2-2187-7240  
E-mail: [jhejzlar@racke.cz](mailto:jhejzlar@racke.cz)

[racke@racke.cz](mailto:racke@racke.cz)  
Internet: [www.ekcar.cz](http://www.ekcar.cz)  
U.S. imports: Wine: Haywood, Buena Vista, Bourbon: Blanton's  
Other imports: French, Spanish, Italian wine; whisky, brandy, cognac etc.

Company: **Pront-Invest**  
Contact: Mr. Milan Vlcek  
Title: Commercial Director  
Address: Dobronicka 1257, 148 25 Praha 4, Czech Republic  
Phone: +420-2-6111-2978  
Fax: +420-2-4447-2890  
E-mail: [mikela@login.cz](mailto:mikela@login.cz)  
U.S. imports: Wine: Wente, Bourbon: Heaven Hill  
Other imports: French, Spanish, Italian wine; whisky, brandy, cognac etc.

Company: **Jan Becher - Karlovarska Becherovka**  
Contact: Mr. Jiri Salaj  
Title: Commercial Director  
Address: Americka 11, 120 00 Praha 2, Czech Republic  
Phone: +420-2-2159-4151  
Fax: +420-2-2251-2413  
E-mail: [jiri.salaj@janbecher.cz](mailto:jiri.salaj@janbecher.cz)  
Internet: [www.janbecher.cz](http://www.janbecher.cz)  
U.S. imports: none yet, potential interest in the U.S. wines  
Other imports: alcoholic beverages from many countries worldwide

Company: **Ing. Karel Hlad - Specialty Wines**  
Contact: Mr. Karel Hlad  
Title: Owner  
Address: Malirska 5, 170 00 Praha 7, Czech Republic  
Phone: +420-2-3338-3096  
Fax: N/A  
E-mail: N/A  
U.S. imports: Wine: CA - Robert Mondavi, Woodbridge, Byron,  
OR - Domaine Droughin  
Other imports: Wine from France, Italy, Hungary, Spain, Chile, Argentina; Spirits, Liqueurs from Europe

Company: **Wine**  
Contact: Ms. Katerina Srsnova, Mr. Libor Toman  
Title: Owners  
Address: Rodinna 20, 736 01 Havirov, Czech Republic  
Phone: +420-69-6411-573  
Fax: +420-69-6411-573  
E-mail: [wine@usa-wine.cz](mailto:wine@usa-wine.cz)

U.S. imports: Wine: CA - Charles Krug Winery, Rutherford Ranch Vineyards, Canyon Ridge Vintners, EOS ESTATE Winery, Shenandoah Vineyards, Sobon Estate; TX - Mesa Ridge Cellars; WA - Arbor Crest Spokane; ID - Ste-Champelle

Other imports: None

Company: **San Francesco**  
Contact: Mr. Martin Dauda, Mr. Frantisek Rihal  
Title: Sales Manager, Owner  
Address: Jilska 4/353, 110 00 Praha 1, Czech Republic  
Phone: +420-2-2224-4491  
Fax: +420-2-2224-4163  
E-mail: [sanfrancesco@volny.cz](mailto:sanfrancesco@volny.cz)  
U.S. imports: Wine: Beau Canyon Vinery, Corbett Canyon (through Netherlands)  
Other imports: European wine

Company: **Bacchus**  
Contact: Mr. Alexander Lochman  
Title: Director  
Address: Nevska 392, 196 00 Praha 9, Czech Republic  
Phone: +420-2-8393-3231  
Fax: +420-2-8393-1583  
E-mail: [info@bacchus.cz](mailto:info@bacchus.cz)  
Internet: [www.bacchus.cz](http://www.bacchus.cz)  
U.S. imports: Looking for exporter  
Other imports: Wine from Spain, France, Chile, Argentina  
Customers: More expensive restaurants, hotels; retail chains

Company: **United Brands**  
Contact: Ms. Lucie Irmleova  
Title: Director  
Address: Kvetnove nam. 14, 252 43 Pruhonice u Prahy, Czech Republic  
Phone: +420-2-6775-0823  
Fax: +420-2-6775-0827  
E-mail: [smid@unitedbrands.cz](mailto:smid@unitedbrands.cz)  
U.S. imports: Wine: Western Cellars  
Other imports: Wine from Chile, Argentina

Company: **M. Kral a spol.**  
Contact: Dr. Milan Kral, Mr. Alexej Blaha  
Title: Owners  
Address: Predvoje 30, 162 00 Praha 6, Czech Republic  
Phone: +420-2-2061-0903  
Fax: +420-2-2061-1519  
E-mail: [info@mkral.cz](mailto:info@mkral.cz)  
U.S. imports: Looking for U.S. wine exporter

Other imports: Wine from Chile, Argentina, Europe

Company: **Eurobrands/Berentzen**  
Contact: Vojtech Navratil  
Title: Owner  
Address: Bedrichovice 1654, 664 51 Slapanice u Brna, Czech Republic  
Phone: +420-5-4424-7002  
Fax: +420-5-4424-7752  
E-mail: [vnavratil@berentzen.cz](mailto:vnavratil@berentzen.cz)  
U.S. imports: currently none  
Other imports: alcoholic beverages from the EU

**Associations:**

Association: **Czechmoravian vineyard and wine Association (CMVVU)**  
Chairman: Mr. Jiri Sedlo  
Address: P.O. Box 34, Podivinska 1236, 691 02 Velke Bilovice, Czech Republic  
Phone: +420-627-346-721  
Fax: +420-627-346-495  
E-mail: [cmvvu@sendme.cz](mailto:cmvvu@sendme.cz)  
Members: 170 members; wine growers, processors, and traders

Association: **Czechmoravian Union of Wine Companies**  
Chairman: Mr. David Stastny  
Address: Vinarska 1, 691 42 Valtice, Czech Republic  
Phone: +420-2-2411-3172  
+420-627-352-329  
Fax: +420-627-352-330  
E-mail: [valvin@vsvaltice.cz](mailto:valvin@vsvaltice.cz)  
URL: [www.vsvaltice.cz](http://www.vsvaltice.cz)  
Members: 15 largest wine producers and importers of wine in barrels; 55%-60% market share

Association: **Association of Wine Importers**  
Chairman: Mr. Jiri Hlad  
Address: Malirska 5, 170 00 Praha 7, Czech Republic  
Phone: +420-2-3338-3096  
Fax: N/A  
E-mail: N/A  
Members: About 20 wine importers

Association: **Czech Sommeliers Association**

Chairman: Mr. Martin Pastyrik  
Address: Restaurace Palac Kinskych, Staromestske nam. 12, 110 00 Praha 1, Czech Republic  
Phone: +420-2-2481-0750  
Fax: +420-2-232-6137  
E-mail: [palac-kinskych@volny.cz](mailto:palac-kinskych@volny.cz)

Association: **Association of Wine Stores**  
Executive Director: Mr. Jan Mraz  
Address: Vachova 6, 602 00 Brno, Czech Republic  
Phone: +420-5-4221-5136  
Fax: +420-5-4324-6285  
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## B. Other

Embassy: **American Embassy - FAS**  
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URL: [www.fas.usda.gov](http://www.fas.usda.gov)  
[www.usembassy-vienna.at/usda](http://www.usembassy-vienna.at/usda)

Organization: **Czech Agricultural and Food Inspection**  
Contact: Mr. Petr Baudys  
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(Exchange rate: November 2000: 1 USD = 40 CZK)