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Approved by: Paul Spencer

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A faint, light gray outline map of the world is centered in the background of the page, showing the continents and major landmasses.

Market Brief - Product

Czech Republic : Popcorn

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Vienna[AU1], EZ

POPCORN MARKET BRIEF**A. Executive Summary:**

The Czech Republic does not produce popcorn but popcorn consumption is rising, especially in the microwave-ready market segment. In 1999, total imports of popcorn (in grain form) are forecast to be about 400 MT, valued at \$240,000. In the same period, about 100 MT of microwave-ready popcorn, worth about \$250,000, will also be imported. Several Czech companies importing popcorn are listed at the end of this report. Imports of microwave popcorn are expected to double over the next few years. Popcorn is sold in retail chains, at outdoor stands and in some movie theaters. With the proliferation of multi-plex movie theaters in the Czech Republic, the consumption and popularity of popcorn is on the rise.

B. Consumption Trends:

Popcorn is not a traditional Czech snack but was introduced to the Czech market in the early 1990s. Even though the most popular snacks in the Czech Republic are potato chips, salted fried nuts, and chocolate bars, popcorn has become very popular in the last few years. The year to year growth in popcorn consumption is estimated to be about 30%. At-home consumers are still the single largest market segment; however, it is expected that each new multi-plex movie theater complex has the potential to increase popcorn consumption by 60-80 MT a year.

C. Domestic and Foreign Competition:**Domestic Production:**

The Czech Republic does not grow any popcorn and all popcorn consumed in the Czech Republic is imported.

Imports:

Popcorn is imported to the Czech Republic from the U.S., South Africa (under the brand 'Biggy'), Hungary, Denmark, France and Spain. Even though European popcorn is less expensive (by about 20%), American popcorn is of a higher quality and people are willing to pay for the difference.

Imports also depend in part sales of popcorn equipment. The major equipment importer is Corn Company, which has imported more than 800 popcorn machines from the U.S. since 1991.

Microwave popcorn was first imported to the Czech Republic in 1998 by the Eltis company under the brand name Jolly Time.

Imports by HTS code:

The Czech Harmonized Tariff Schedule (HTS) does not specifically list “popcorn”. Tariff classification, which in the past has been inconsistent, depends on the botanical variety of the corn (for whole grain imports) or on the product type (for processed products, such as microweavable pouches). Because of this, the following data on imports shows some tariff lines that may include some products other than popcorn. More specific trade data is not yet available.

0712-9019 Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared: Sweet corn (*Zea mays*, var. *saccharata*) - other than for sowing

| 1997 | | | 1998 | | | 1-10/1999 | | |
|-------------|-----------|--------------|-------------|-------------|------------|-------------|------------|--------------|
| Country | MT | 1000 CZK | Country | MT | 1000 CZK | Country | MT | 1000 CZK |
| Hungary | 1,038 | 4,568 | Slovakia | 156 | 5,071 | Slovakia | 268 | 667 |
| U.S. | 81 | 2,355 | Canada | 35 | 681 | U.S. | 213 | 7,445 |
| Germany | 54 | 1,452 | Germany | 3 | 56 | Netherlands | 1 | 329 |
| Canada | 35 | 993 | U.S. | 0.12 | 1.2 | Hungary | 0.21 | 12 |
| Total | 1,212 | 10,350 | Total | 194 | 5,883 | Total | 482 | 8,453 |

1005-90000 Corn, other

| 1997 | | | 1998 | | | 1-10/1999 | | |
|-------------|------------|--------------|-------------|------------|--------------|-------------|-----------|--------------|
| Country | MT | 1000 CZK | Country | MT | 1000 CZK | Country | MT | 1000 CZK |
| Hungary | 95,055 | 378,970 | Slovakia | 98,259 | 296,000 | Slovakia | 31,895 | 90,900 |
| Slovakia | 21,721 | 68,073 | Hungary | 16,902 | 39,298 | Hungary | 1,933 | 4,943 |
| Austria | 778 | 4,827 | U.S. | 193 | 4,356 | France | 105 | 2,729 |
| U.S. | 384 | 5,469 | Ukraine | 59 | 177 | U.S. | 79 | 1,227 |
| Total | 119,081 | 465,213 | Total | 116,416 | 344,359 | Total | 34,211 | 101,933 |

**1904-1010 Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, cornflakes);cereals (other than corn) in grain form or in the form of flakes or other worked grains (except flour and meal), pre-cooked or otherwise prepared, not elsewhere specified or included:
Cereal products obtained by the swelling or roasting : From corn**

| 1997 | | | 1998 | | | 1-10/1999 | | |
|----------|-------|----------|---------|-------|----------|-----------|-----|----------|
| Country | MT | 1000 CZK | Country | MT | 1000 CZK | Country | MT | 1000 CZK |
| Germany | 1,295 | 64,764 | Germany | 1,235 | 59,734 | Austria | 0.5 | 63 |
| Hungary | 156 | 11,804 | Hungary | 111 | 8,900 | Poland | 12 | 50 |
| Slovakia | 47 | 3,097 | U.S. | 39 | 2,524 | Italy | 3 | 41 |
| U.S. | 8 | 176 | Spain | 33 | 2,286 | U.S. | 39 | 5 |
| Total | 1,537 | 81,944 | Total | 1,481 | 77,406 | Total | 211 | 333 |

2008-9985 Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included:

Corn, with exception of sweet corn (*Zea mays* var. *saccharata*)

| 1997 | | | 1998 | | | 1-10/1999 | | |
|----------|-----|----------|----------|----|----------|-----------|-----|----------|
| Country | MT | 1000 CZK | Country | MT | 1000 CZK | Country | MT | 1000 CZK |
| U.S. | 44 | 3,764 | U.S. | 62 | 4,687 | U.S. | 130 | 9,011 |
| Hungary | 7 | 212 | Germany | 12 | 74 | Denmark | 9 | 701 |
| Germany | 3 | 32 | Thailand | 5 | 167 | Thailand | 6 | 164 |
| Thailand | 0.5 | 17 | | | | Spain | 6 | 437 |
| Total | 56 | 4,027 | Total | 79 | 4,928 | Total | 153 | 10,521 |

(Source: Foreign Trade Statistics, Ministry of Agriculture)

D. Distribution Channels:

Popcorn is available in all major supermarket and hypermarket chains and also in many other retail outlets. Popcorn consumption in movie theaters is not currently very high but is increasing. There are several multi-plex movie companies (e.g. Galaxia in Prague, 7 theaters with capacity of 1200 people; Olympia in Brno, 14 theaters with capacity of 3000 people) which sell several kinds of popcorn (sweet, salted, natural, butter, and ham, barbecue, and pizza flavored). There are one or two new multi movie theaters built each year in the Czech Republic and all sell popcorn.

E. Pricing:

The following table shows some prices of popcorn in retail chains and in the movie theaters. Large retail chains have a margin of about 50% on popcorn products. In movie theaters the mark-up is higher and prices depend on serving size (30g, 60g, 90g) and flavor.

| Item | Store | Retail price in CZK |
|--|---------------|---------------------|
| Microwave popcorn Shop Rite 3 x 3.5 oz natural, butter | Tesco | 49.90 |
| Yellow corn 1 lb.(454g)/2 lb.(908g) | Tesco | 22.90/47.90 |
| Chio popcorn 75g salted | Tesco | 17.50 |
| Hopi-popi 100g salted, butter | Tesco | 21.90 |
| Popcorn 60g salted | Movie theater | 20 |
| Popcorn 60g sweet | Movie theater | 25 |
| Popcorn 60g with flavor | Movie theater | 28 |

F. Packaging and Label Requirements:

Label and packaging requirements are listed in food Law 110/97 (paras. 5-9). Law 110/97 is available in English on the Internet at www.czpi.cz.

The label must have the following information:

- name of producer/distributor/importer with address
- net weight (g, kg)
- expiration date (day, month, year)
- storage information
- usage instructions
- country of origin
- ingredients, including food additives
- information on radiation treatment

Note: Nutritional information on the label is not required.

Popcorn and corn in grain form may be imported with U.S. labels or unlabeled. However, prior to retail distribution it must have a label in Czech that includes information above.

Czech importers usually purchase bulk quantities of popcorn (50 lb. bags), which they repackage into 60g, 75g, 100g cellophane bags.

G. Import Regulations:

As mentioned earlier, the classification of popcorn by the Czech customs service has at times been inconsistent. Importers unsure of which of HTS code to use may request categorization of a particular product by the Customs General Directorate. This is done by filling an application, paying a 350 CZK, fee and providing a sample.

Importers bringing in products under the classification 0712 (dried vegetables) will require an import licence. This licence is not limited and is issued to every importer that applies for it. For 1999, licences were valid the whole year but in 2000 these will be replaced by quarterly licences.

No special U.S. export documents or certificates are required, but each food item must have a so-called 'Declaration of Agreement' showing the ingredients fulfill all of the requirements set out in Law 110/97. This document must be updated annually and is typically handled by the Czech importer.

H. Preferential Tariffs

According to the 1999 Czech HTS, preferential tariffs for are applied on imported corn (in grain form) and finished popcorn products as follows:

| Tariff No: | Article Description: | Special Tariff (%) |
|-------------------|---|--------------------------------------|
| 0712 0712-9019 | Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared: Sweet corn (<i>Zea mays</i> , var. <i>saccharata</i>) - other than for sowing Preferential tariff: Hungary, Poland, Slovenia, Romania, Bulgaria, Latvia, Estonia, Lithuania Israel | 2.7 Free Free within quota |
| 1005 1005-9000 | Corn Other Preferential tariff: Hungary, Poland, Slovenia, Romania, Bulgaria, Latvia, Estonia, Lithuania | 17.5 Free |

| | | |
|-----------|---|---------------------------------|
| 1904 | Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, cornflakes);cereals (other than corn) in grain form or in the form of flakes or other worked grains (except flour and meal), pre-cooked or otherwise prepared, not elsewhere specified or included: | |
| 1904-10 | Cereal products obtained by the swelling or roasting : | |
| 1904-1010 | From corn Preferential tariff: Latvia Israel | 4.0 Free 4.0 within quota |
| 2008 | Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included: | |
| 2008-9985 | Corn, with exception of sweet corn (<i>Zea mays</i> var. <i>saccharata</i>) Preferential tariff: Hungary, Poland, Slovenia, Romania, Bulgaria, Latvia | 5.8 4.0 |

I. List of Importers and Important Contacts:

a) Importers:

Company: **Prago Corn**

Contact: Mr. Jan Staidl

Title: Director

Address: Srobarova 14, 101 00 Praha 10, Czech Republic

Phone: +420-2-7173-5737

Fax: +420-2-6731-0975

E-mail: tiso@pha.inecnet.cz

U.S.imports: Bulk popcorn Weaver Popcorn Co. (IN), Great Western (AL), Vogel Popcorn Co. (OH), popcorn equipment from Creator Co. (IL)

Other imports: none

Volume: 350 MT/year

Customers: 30% movie theaters, 70% small popcorn producers

Company: **Corn, s.r.o.**

Contact: Ms. Ivana Lukesova, Mr. Josef Kubecek
Title: Owners
Address: Koterovska 27, 301 49 Plzen, Czech Republic
Phone: +420-19-724-3660, +420-19-744-3283, +420-602-422-091
Fax: +420-19-724-3660
U.S.imports: Equipment for popcorn production from Gold Medal Products (Cincinnati, OH)
Bulk (50 lb.) popcorn from Weaver Popcorn Co. (Van Buren, IN)
Other imports: None
Volume: 200 MT/year
Customers: 10% movie theaters, 30% small producers for retail chains, 60% stand owners, small producers

Company: **Iva Corn**
Contact: Ms. Ivana Peleskova
Title: Director and owner
Address: Tatarkova 726, 140 00 Praha 4, Czech Republic
Phone: +420-2-7912-874, +420-603-516-767
Fax: +420-2-7912-874
E-mail: ipeleskova@iol.cz
U.S.imports: Microwave and bulk popcorn from Ramsey Popcorn Co. (Ramsey, IN)
Kinds of popcorn - salted, sweet, cheese, butter
Other imports: None
Volume: Not willing to disclose
Customers: 90% retail chains, 10% wholesalers

Company: **Hopi Olomouc**
Contact: Mr. Zbynek Seliga
Title: Director
Address: Wolkerova 24b, 779 00 Olomouc, Czech Republic
Phone: +420-68-5416-938
Fax: +420-68-5416-938
E-mail: hopiprod@telecom.cz
U.S.imports: Microwave, bulk popcorn from Weaver Popcorn Co. (Van Buren, IN), Morrison Farms (Clearwater, NE), Snappy Popcorn Co. (Breda, IA)
Kinds of popcorn - microwave - salted, sweet, butter, cheese, paprika
Bulk - large, sweet, gold
Other imports: Bulk popcorn from Argentina (Weaver)
Volume: 160 MT/year of bulk popcorn, 120 MT/year of microwave popcorn
Customers: 50% through distributor Novy Vek (to supermarkets, hypermarkets), 50% to other wholesalers and distributors

Company: **Paleta Corn, s.r.o.**
Contact: Ms. Judita Maskova, Mr. Zdenek Vagner
Title: Owners

Address: Slovanska tr. 72, 30151 Plzen, Czech Republic
Phone: +420-19-724-2330, +420-19-724-0402
Fax: +420-19-724-2330
E-mail: sales@paleta.net
U.S.imports: Bulk popcorn from Vogel Popcorn Co. (Morral, OH) since 1991, interested in import of microwave popcorn
Other imports: None, possibly France
Volume: 80 MT/year
Customers: 100% small producers for retail chains, stand owners

Company: **Eltis Europe, s.r.o.**
Contact: Mr. Dusan Voracek, Mr. Jiri Zaloutek
Title: Owners
Address: Sobotice 70, 339 01 Klatovy, Czech Republic
Phone: +420-19-277-353
Fax: +420-186-24831
E-mail: sales@eltis.cz
U.S.imports: Microwave and bulk popcorn from American Popcorn Co., brand Jolly time (Sioux City, IA)
Other imports: None
Volume: 60 MT/year
Customers: 60% wholesalers, 37% retail chains, 3% movie theaters

Company: **Tesco Stores, a.s.**
Contact: Mr. Lubos Novak
Title: Buyer
Address: Nagano Office Center, U nakladoveho nadrazi 6, 130 86, Praha 3, Czech Republic; after March 2000:
Hypermarket Praha Letnany, Veselska 673, 190 00 Praha 9, Czech Republic
Phone: +420-2-2286-3507
Fax: +420-2-2286-3500
E-mail: lubos_novak@cz.tesco-europe.com
U.S.imports: Microwave Popcorn brand Shop Rite through Wakefern Food Corp. (Elizabeth, NJ), two kinds - natural, butter; also yellow popcorn (1lb., 2lb.)
Other imports: None
Volume: 5 MT/year
Customers: Tesco supermarkets and hypermarkets

Company: **Chio Bohemia, a.s.**
Contact: Dr. Stanislav Potesil
Title: Commercial Director
Address: Novodvorska 994, 140 00 Praha 4, Czech Republic
Phone: +420-2-4713247
Fax: +420-2-472-3388

E-mail: renata.maternova@intersnack.cz
U.S.imports: None
Other imports: Finished popcorn from Chio Hungaria
Volume: Not available
Customers: Retail chains, trading companies

b) Important Contacts:

Organization: **Czech Agricultural and Food Inspection**
Contact: Dr. Petr Baudys
Title: Vice Director
Address: Kvetna 15, 603 00 Brno, Czech Republic
Phone: +420-5-4354-0213
Fax: +420-5-4354-0210

Organization: **Ministry of Industry and Trade**
Contact: Ms. Jana Skruzna
Title: Concession Department Officer
Address: Politických veznu 20, 112 49 Praha 1, Czech Republic
Phone: +420-2-2406-2747
Fax: +420-2-2422-1700

(Exchange rate December 1999: 1USD = 35 CZK)