



# **CBI Product Factsheet:**

## **Tea in the Czech Republic**

## Introduction

The Czech Republic is strategically located as a gateway to Eastern Europe. It is a relatively small market with growth potential, especially with regard to direct imports from developing countries. Given the tendency of Czech customers to prefer flavoured teas, opportunities also exist in relation to the import of specific herbs, fruits and spices. With its growing number of tea rooms and an annual tea festival, drinking tea is about to become a cultural phenomenon in the Czech Republic. This will expand the scope for high-quality specialty teas.

## Product Definition

The word 'tea' refers to a hot beverage that is prepared by infusing or brewing the dried leaves of the *Camellia sinensis* plant. There are at least six different types of tea: green, white, yellow, oolong, black, and dark post-fermented tea (or black tea for the Chinese). The most commonly found on the market are black, green, oolong and white tea (see table 1).



## Flavours of tea

Oxidation is the distinguishing factor that determines whether tea will become black, oolong, green or white tea. It is a chemical process that results in the browning of tea leaves and the production of flavour and aroma compounds in finished teas. During the oxidation process (sometimes referred to as 'fermentation'), the flavours and aromas of tea become fuller and deeper. In general, black tea is fully oxidised, oolong tea is partially oxidised, green tea is processed to stop oxidation (only minimal oxidation, or no oxidation at all, occurs) and white tea is unoxidised.



Table 1: the most common teas and their flavours

Tea	Description	Flavour
<b>Black tea</b>	Black tea is the most common type of tea in the Western world. Black tea is almost always fully oxidised.	Black tea is noted for its full, bold flavour and its ability to pair well with many Western foods, particularly sweets and creamy foods.
<b>Green Tea</b>	Green tea is processed to quickly stop oxidation (minimal oxidation occurs). Japanese green teas are typically steamed. Chinese-style teas are typically processed with dry heat.	Japanese-style green teas tend to have strong vegetal, grassy or oceanic/seaweed notes and a slight citrus undertone. Examples includes Sencha and Matcha tea. Chinese teas often have a mellower, sweeter flavour profile with notes of nuts, flowers, wood and/or vanilla.

<b>Oolong tea</b>	Oolong tea is rolled by hand or machine and pan fired, and then heated. Many oolongs are roasted afterwards to further develop their flavours and aromas.	Depending on their processing, oolongs may have flavours and aromas of honey, orchids and other flowers, lychee and other fruits, wood, butter or cream, vanilla and/or coconut.
<b>White tea</b>	White tea is a light tea grown and harvested primarily in China (Fujian and Zhejiang provinces). The name relates to the whitish appearance of the plant. The tea is pale yellow.	White tea has a light, delicate, slightly sweet flavour.

Most teas are sold to consumers as *blends*: mixtures of teas from several different origins to achieve a certain flavour profile. Most branded teas in Europe use 20 or more origins to achieve their desired taste and price level. However, single origin teas are increasingly sold in specialised tea (and coffee) shops.

### Czech flavour preferences

Czech consumers are enthusiastic about fruit/herbal tea (black tea combinations), and they are increasingly looking for distinctive flavours and intense aromas. Green tea is also increasingly popular, as the result of the ongoing popularity of the health and wellness trend in the country (Source: [Progetto](#), 2014).

### Codes used in customs & international trade

The statistical data in this document is based on Combined Nomenclature (CN) codes. The CN uses Harmonised System (HS) codes to classify products. The HS codes included in this study are listed below. There are no separate HS codes for oolong and white tea. They fall under the categories of fermented and unfermented tea, respectively.

HS Code	Description
090240	Black tea (fermented) & partly fermented tea in packages exceeding 3 kg
090230	Black tea (fermented) & partly fermented tea in packages not exceeding 3 kg
090220	Green tea (not fermented) in packages exceeding 3 kg
090210	Green tea (not fermented) in packages not exceeding 3 kg

## Product Specification

### Quality: grading and classification

The factors affecting tea quality can be distinguished as follows:

- Genetic: tea quality is determined primarily by the genetic properties of the tea plant/bush: China type, Assam type or hybrid.
- Environmental: the quality of tea is affected by elevation (high altitude), soil and [climate](#) (including temperature, humidity, sunshine duration and rainfall).
- Field operations: pruning, fertilising, shading and plucking also play an important role in determining the quality and flavour of tea.
- Processing of plucked tea leaves: [orthodox versus 'crush, tear and curl' \(CTC\) tea](#).

There are four basic grades in orthodox tea production: whole-leaf, broken-leaf, fannings and dust. These categories specify and indicate the different leaf sizes and associated strengths. Whole-leaf and broken-leaf grades are used predominantly for loose (specialty) teas, while fannings and dust are the preferred grades for CTC and other teabags.

The quality of tea is generally assessed by tea tasters (at auctions or from private buyers). Additional information is provided in the [Compendium of Guidelines for Tea](#), drafted by the European Tea Committee.

- There is growing international interest in the enforcement of minimum quality standards for internationally traded tea. The difficulty lies in agreeing on internationally-acceptable quality standards. Sample tea grading specifications can be found on the [website](#) of Rate Tea.

### Labelling

Consumer products containing tea [are required to be labelled](#) with the following characteristics:

- Name of the product;
- Physical condition or the specific treatment undergone (oxidised or not, etc.);
- List of ingredients, including additives (such as herbs for herbal teas);

- Nutritional values, for products containing ingredients that alter nutritional value (e.g. candied fruit pieces, coconut chips)
- Presence of substances known for their ability to spark allergic reactions and intolerances should always be indicated;
- Net quantity;
- Expiry date preceded by the words "best before";
- The name or business name and address of the manufacturer or packer, or of a seller established in Europe;
- Place of origin or provenance.

## Packaging

Tea is packaged in paper bags, plywood chests are hardly used anymore. Bulk packaging requires the lot number (identification number), net and gross weight (quantity of content), whether the bag contains green or black tea (ingredient list), and more specific information, for instance English breakfast tea (statement of identity) and the country of origin. China tea is also shipped in tin plate containers which are sealed with solder and additionally wrapped with bast mats.

### Common packaging methods



## What requirements should tea meet to be allowed on the Czech market?

The Czech Republic is a member of the European Union and therefore, tea exported to the Czech Republic must comply with European food safety legislation. The European market (which includes the Czech market) has strict demands with regard to the safety and quality of food. These demands include legislation on food safety, maximum residue levels (MRLs), contaminants, consumer labelling and extraction solvents.

## What legal requirements must my product comply with?

Compliance with European legislation is the most important criterion that European buyers have when purchasing tea. Only suppliers that are able to adhere to the high European requirements concerning the quality and safety of food will be allowed to enter the European market (and thus in the Czech Republic). Compliance with the maximum permitted residue levels (MRLs) and legislation regarding contaminants is considered most important in this regard.

### Tips:

- Direct information on the relevant legal requirements is available on the [website](#) of the European Union's Export Helpdesk.
- Use the [European Union MRL database](#) to find the MRLs that are relevant for your tea. Select your product or the pesticide you use and the database will show the list of MRLs associated with it, including the legal MRLs
- Read our study on [buyer requirements on the European market](#) for more information about European requirements for tea.
- The International Trade Centre's [Standards Map](#) contains additional information on voluntary standards.

## What additional buyer requirements do buyers often have?

In addition to legally binding requirements, sustainability has become an increasingly important condition for market access. Mainstream certifications (for instance, [Rainforest Alliance](#) and [UTZ Certified](#)) are commonly requested within the mass-market segment, and they have become almost a 'must' for exporters to the European market (and thus also the Czech market).

**Tip:**

- Consult with your buyers about the labels that are preferred in the Czech Republic. The Rainforest Alliance and UTZ Certified labels are the most popular in the Czech Republic, due to the presence of multinational companies, including Jacobs Douwe Egberts, Tata Global Beverages and Unilever.

**Niche sustainability concepts**

In the Czech Republic there is a niche market for organically produced tea and tea produced according to fair trade principles. The Czech Republic has a national organic logo, the *Bio zebra*, but its future has come under discussion. According to current expectations, the national logo will soon be used only for domestic Czech organic food production (source [IFOAM website on Czech Republic](#), 2015).

**Box 1. Sustainability initiatives of individual tea packing companies operating in the Czech Republic:**

Large international tea-packing companies that sell their sustainable products in the Czech Republic include:

- Jacobs Douwe Egberts Czech Republic – [UTZ Certified](#) tea (in Czech)
- Tata Global Beverages – [Sustainability](#) with Rainforest Alliance, UTZ Certified, ETP and Trustea tea
- Unilever – [Sustainable Living](#) program with Rainforest Alliance tea

National tea brands may have less stringent quality requirements. National brands in the Czech Republic include:

- [Oxalis](#) (organic certification)
- [Leros](#) – leading in herbal teas; pending organic certification
- [Apotheke](#) (organic certification)

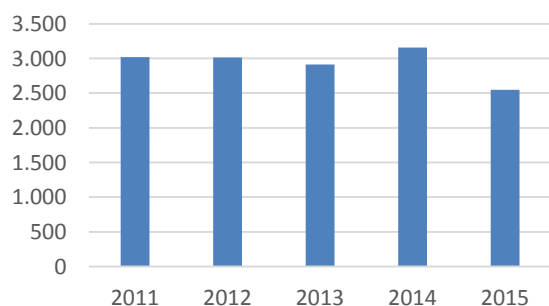
**What is the demand for tea in the Czech Republic?**

Unless stated otherwise, the import, export and consumption figures presented below are based on the selected HS codes (see the *Product Description* section).

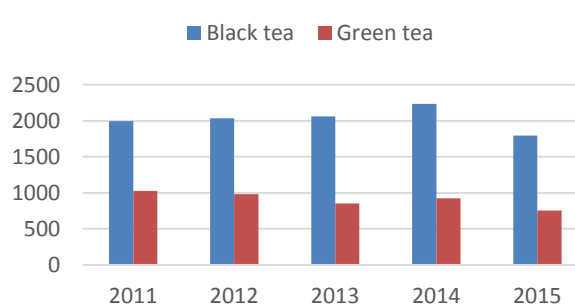
**Decreasing import volume, increasing import value**

Although the Czech Republic is a relatively small tea market in Europe, it is the second largest tea market in eastern Europe, after Poland. In 2015, Czech tea imports amounted to a total volume of 2.5 thousand tonnes, with a value of €19 million. Although the total volume of imported tea saw an average annual decrease of 4.1%, the value of tea imports has seen an average annual increase of 2.6% since 2011. This indicates an increasing demand for higher value (specialty) tea.

About 70% of all tea imported in the Czech Republic in 2015 was black tea (about 1.8 thousand tonnes) compared to about 30% green tea (about 755 tonnes). Between 2011 and 2014, imports of black tea have increased in volume and value. However, in 2015 there was almost a 20% drop in volume. Imports of green tea have shown an average annual decrease in volume of 7.4% since 2011. In 2015, imports from developing countries consisted of about 54% green tea and 46% black tea.

**Figure 1: Total volume of tea imports in the Czech Republic in tonnes, 2011–2015**

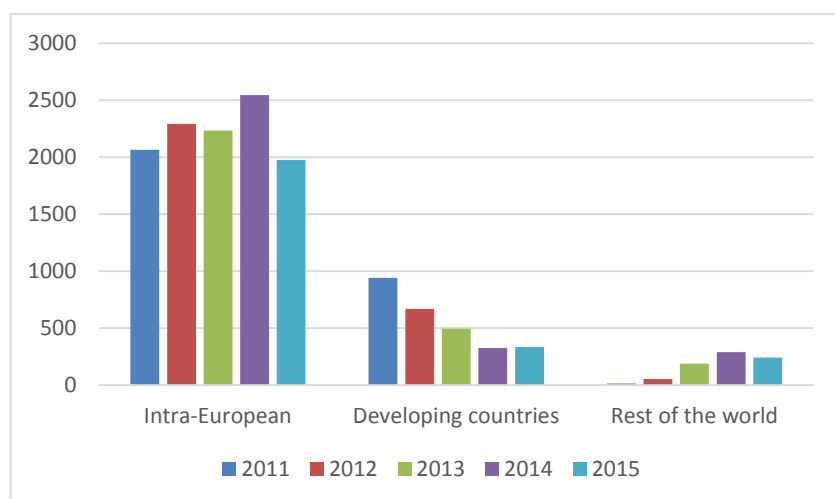
Source: Eurostat, 2016

**Figure 2: Volume of black and green tea imports to the Czech Republic in tonnes, 2011–2015**

Source: Eurostat, 2016

The Czech Republic relies heavily on other European countries for its supply of tea, with 77.5% of all of its tea being imported from other European countries in 2015. This tea was sourced outside the European Union and re-exported within the European Union. Direct tea imports from developing countries have been decreasing since 2011 to about 334 tonnes in 2015 (about 13% of total tea imports).

**Figure 3: Tea imports from developing countries in the Czech Republic in tonnes, 2011–2015**



Source: Eurostat, 2016

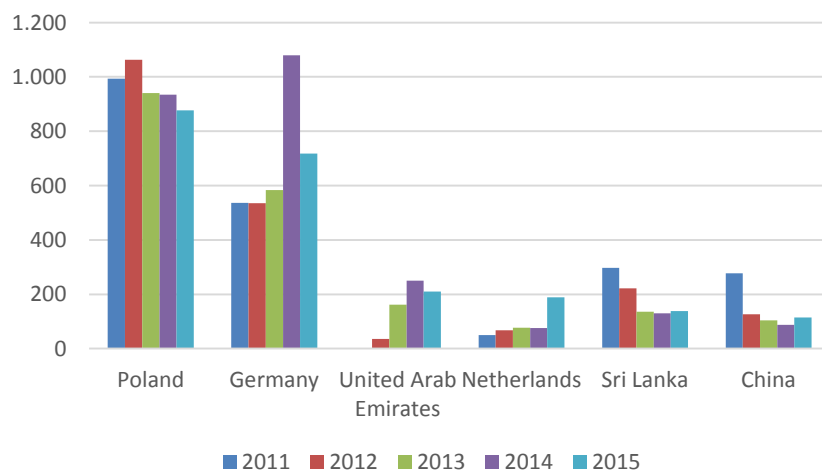
**Tip:**

- Benefit from the intra-European trade to market your tea in the Czech Republic through re-exports.

**Largest suppliers are neighbouring countries**

In 2015, Poland and Germany were the largest tea exporters to the Czech Republic, accounting for respectively 877 tonnes (34.4% of total tea imports) and 717 tonnes (28.2% of total tea imports). Sri Lanka and China are the largest tea supplying developing countries, with market shares of 5.4% and 4.5% respectively. Imports from Asian countries (mainly Sri Lanka, China and Vietnam) have been decreasing since 2011, only to increase slightly in 2015 again. This drop can be attributed to the issue of maximum residue levels (MRLs), which were found predominantly in teas from these countries.

**Figure 4: Leading six supplying countries to the Czech tea market in tonnes, 2011–2015**



#### Tips:

- Keep updated about developments in the global market as they can have an impact on your competitive position. Refer to price and crop reports and talk to experts.
- For more information on MRLs requirements, please read our study on [buyer requirements on the European tea market](#).

#### Consumer-packaged tea imports are dominant

Consumer-packaged tea, equalling about 60% of total imported volume in 2015, is dominant in the Czech Republic. Sri Lanka (6.1% of all consumer-packaged tea imported) and Vietnam (1.6%) are developing countries that supply these value-added teas (mostly teabags) to the Czech Republic. About 80% of all consumer-packaged tea imported by the Czech Republic is supplied by other European countries. Opportunities for exporters in developing countries with regard to providing value-added teas depends heavily on the type of tea, level of processing and the country's experience with sophisticated packaging.

The majority of tea imported to the Czech Republic is consumer-packaged, either by European companies (e.g. [Twining's](#), [Unilever](#), [Teekanne](#) and [OTG](#)) or in the country of origin (Sri Lanka, Vietnam, China). Some of the imported bulk tea is blended and packaged locally by international companies. [Tetley](#), [Tata Global Beverages Czech Republic](#) and [Jacobs Douwe Egberts](#) all have local blending and packaging facilities in the Czech Republic. [Oxalis](#) is a domestic tea operator that is currently expanding its business. Others local companies include [Leros](#) and [Mediate](#).

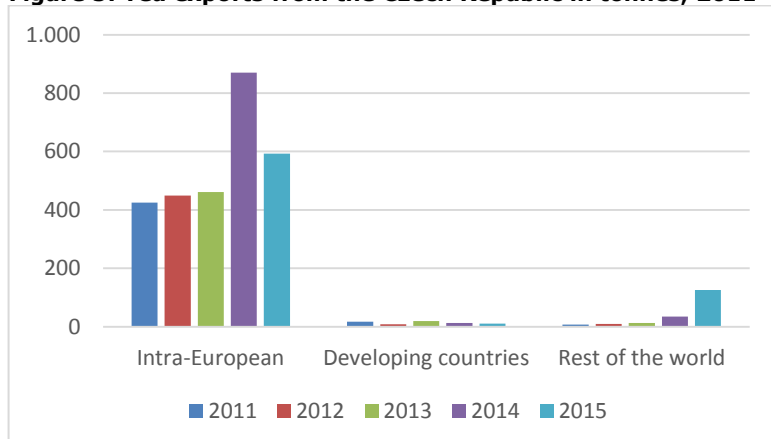
#### Tips:

- Although it is not a simple endeavour, exporters in producing countries can try to sell blended or other teas in consumer packages (teabags). For example, exporters could provide private-label products for particular supermarkets (or chain) at prices that are higher than those for bulk tea. Sri Lanka has a long history of capturing more value in the supply chain through value-added production (Ceylon tea) and high-quality tea. Note that it is necessary to offer a complete variety of consumer teas, with a variety of flavours and herbal blends.
- Note that adequate packaging is extremely challenging. For example, consumer teas are increasingly being packed in pyramid-shaped teabags.
- Explore opportunities to work together with European tea packing companies (see below under *Useful Sources* for branch organisations who can often connect you to the Czech players). For an overview of Czech suppliers, refer to the [list of tea suppliers](#).

#### Increasing exports of tea

Although the Czech Republic is still a relatively small exporter of tea in Europe, exports are increasing and it is the second largest tea exporter in eastern Europe (after Poland). In 2015, tea exports from the Czech Republic amounted to 728 tonnes, with a value of €9 million. A slight majority of these exports consists of bulk tea (about 54%). Since 2011, the volume of Czech tea exports has shown an average annual increase of 12.8% and its value increased on average by 20.4% annually. Most of the Czech tea exports are re-exports to other European countries. Exports outside of Europe are quite insignificant.

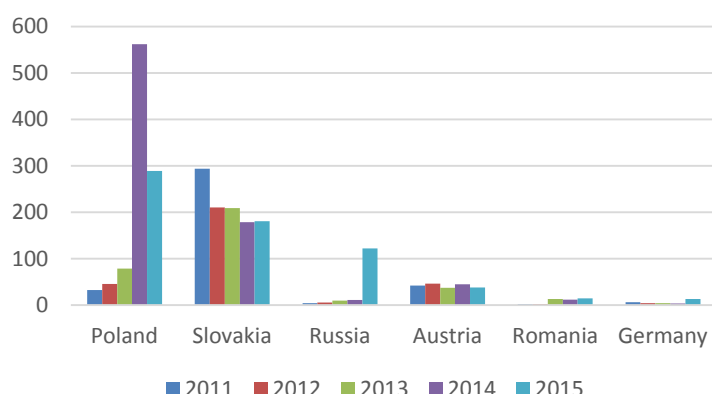
**Figure 5: Tea exports from the Czech Republic in tonnes, 2011–2015**



Source: Eurostat, 2016

The largest export markets for tea from the Czech Republic are its neighbouring (and eastern European) countries, indicating that the Czech Republic is increasingly a gateway to eastern Europe. The most notable export markets for tea are Poland, Slovakia and Russia, accounting for respectively 40%, 25% and 17% of total tea exports in 2015. Tea exports are expected to increase during the coming years, as the Czech Republic is strengthening its position as a trade hub for eastern European destinations.

**Figure 6: Leading six export destinations for tea from the Czech Republic in tonnes, 2011–2015**



Source: Eurostat, 2016

#### Tips:

- The Czech Republic may be used as a hub to market your teas in other Eastern European countries.
- For more information about trade statistics on the European tea market, please refer to our study on [European trade statistics for tea](#).

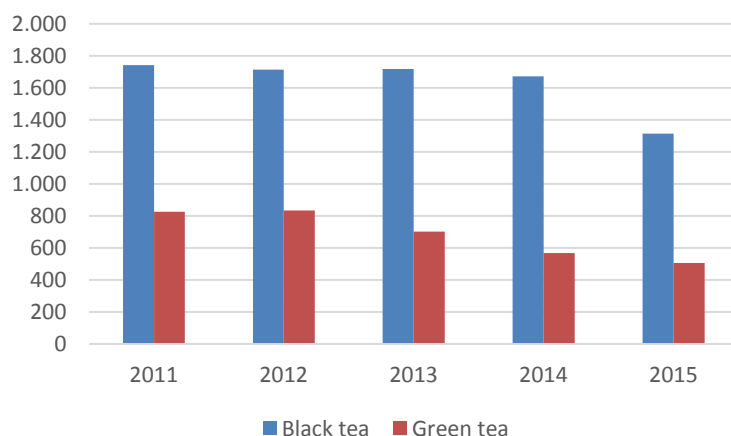
## Tea consumption in the Czech Republic

It is possible that the consumption figures can vary (slightly) from other consumption statistics on the Czech tea market. This can be credited to the fact that consumption figures are calculated using import and export figures. This calculation does not take into consideration carry-over stocks and possible faulty registration of trade data.

### Strong interest in green tea

The Czech Republic is a relatively small tea-consuming country with tea consumption amounting to about 18 thousand tonnes in 2015. Per capita tea consumption amounted to about 422 grams per year in 2013 (Quartz, 2014). In comparison, per capita tea consumption in the largest European consumer (Ireland) was over 2 kilograms and in the Netherlands it is 777 grams. About 75% of the Czech tea consumption consisted of black tea and 25% of green tea. The tea market in the Czech Republic is not yet saturated, but growth rates are likely to be moderate as tea consumption is not deeply embedded in Czech culture.

**Figure 7: Apparent tea consumption in tonnes in the Czech Republic, 2011–2015**





Source: Eurostat, 2016

**Tip:**

- One good way to learn more about opportunities and enlarge your scope for business would be to visit the annual tea festival, the [ČAJOMÍR](#).

The ongoing health and wellness trends in the Czech Republic resulted in a strong interest in green tea among Czech consumers in 2015. Although the demand for fruit flavoured teas stagnated in 2015, Czech consumers continue looking for naturally healthy teas and interesting fruit/herbal combinations. Popular flavours are buckthorn, ginger, pomegranate and blackberry.

**Tips:**

- You have good opportunities supplying specialties that are traded in smaller volumes. Think of high quality orthodox teas (whole leaf, single estate), flavoured, wellness and/or sustainable products.
- If you export specialty teas in consumer packaging, consider exporting teas in innovative bags such as pyramid-shaped tea bags. These bags leave more room for whole leaf tea to expand and to give a better, more flavourful brew.
- Given the tendency of Czech customers to prefer flavoured teas, opportunities exist in connection with the import of specific herbs, fruits and spices. Interest is also increasing in high-quality specialty teas, which could become another field of interest for your business.

## What trends offer opportunities on the Czech market for tea?

### Increased demand for speciality teas: The rise of tea rooms and speciality stores

During the post-war Communist regime (1948-1989), large volumes of uniform products were prioritised. Since the fall of communism and entrance into the European Union, incomes have increased at least sevenfold in the Czech Republic. As a result, Czechs are acquiring lifestyles in which variety and individualism are more important. This is reflected in the high and growing number of tea rooms in the country.

In 2014, there were over 250 tea rooms (known in Czech as *čajovna*) located in the regions of Bohemia and Moravia. Tea rooms are increasingly attracting entrepreneurs and managers, who choose the relaxing atmosphere of these places to meet clients. The classic teabags commonly used in homes are not found in these tea rooms. Since 1991, there has been a sharp increase in the number of speciality stores, in which customers can buy high-quality tea, including Korean tea, Japanese tea and the famous oolong tea from Taiwan. [Oxalis](#), a specialty tea and coffee company has about 50 specialty tea stores.

**Tip:**

- For more information about product competition on the European market, please read our study on [competition on the European tea market](#).
- Read more about the emergence of specialty tea stores and tea rooms in the Czech Republic in this article by [Progetto](#).

### Health and taste trend

An increasing demand for various kinds of tea (fruit, herbal, green and specialty) has led to the introduction of new and interesting flavours on the Czech tea market. For example, in 2014/2015, [Jacobs Douwe Egberts Czech Republic](#) introduced a new line of Pickwick Herbalis (functional teas) and Pickwick fruit fusions. The Delicious Spices, introduced in 2012, continue to be quite popular, numbering amongst the most highly valued teas of the year.

[Tata Global Beverages Czech Republic](#) surprised Czech consumers with the introduction of Jemca Linden with Lemon Grass and Jemca Green Tea with Ginger. The company recently introduced Jemca Red Fruits and Jemca Green tea with buckthorn. With the exception of the green teas, however, most of these fruit/herbal teas do not contain a single-leaf or actual tea. This could potentially decrease the demand for bulk black teas.

**Tip:**

- Flavoured black tea or other teas may offer an additional unique selling point relative to bulk black teas. The fruit/herbal tea trend may also offer new opportunities for selling specific herbs or fruit ingredients. It is important to have a good understanding of what ingredients are used for specialty teas when considering entering this market. In some cases, you will have to acquire new ingredients and therefore use different supply chains.

**New materials and shapes for tea bags**

The well-known traditional filter paper tea bags are now often replaced by bags made of nylon, non-woven commercially compostable or certified biodegradable materials. In addition, pyramid-shaped tea bags have become more popular, leaving more room for whole leaf tea to expand and to give a better, more flavourful brew.

**Tip:**

- Exporters of speciality teas in consumer packaging should consider using these innovative bags (see also [this article](#) about different shapes of teabags).

**Organic certification**

Locally, the organic farming industry has seen an enormous rise: The target of the Ministry of Agriculture's organic action plan that started in 2004 is to render 10% of all arable land certified organic. This has made consumers more open to organic produce, which has a positive effect on organic tea consumption. Prices for certified organic tea are on the rise.

**Tips:**

- For more information about certification labels, please read our study on [certified tea in Europe](#).
- For more information about tea trends in Europe, please read our study on [trends on the European tea market](#).

**What do the trade channels and interesting market segments look like in the Czech Republic for tea?**

Tea is either traded through auctions or through private sales. Producers such as China, Vietnam and Argentina sell their teas via private sales. Other producing countries such as Kenya, Sri Lanka, Indonesia and India have an auction system in place. Understanding the total tea value chain may help exporters to estimate their risks and opportunities and to adapt their marketing strategy accordingly. Please read our study on [market channels and segments for tea in Europe](#) for additional information.

**Multinational companies dominate the market**

With a combined market share of 57%, multinational companies dominate the market. Jacobs Douwe Egberts Czech Republic continued to lead the tea market in 2014 (holding a retail value share of 15%), followed by Tata Global Beverages Czech Republic (13%), Teekanne (10%), Mokate Czech (10%) and Unilever CR (Lipton: 9%). In 2014, these top five companies continued to compete for positions in the tea market through promotional activities, interesting brand extensions, consumer competitions, in-store promotions and television advertising.

**Tip:**

- Large buyers are in a good position to help you with access to finance. Also look for other forms of finance such as grants, subsidies and funds. A large contributor to tea projects in developing countries is the [Common Fund for Commodities](#).

Most retailers in the Czech Republic are international players. They are driven by European food regulations and by private buyer requirements on food safety, quality and sustainability. Additionally, European buyers demand transparency in their supply chains.

**Tips:**

- Delivering to smaller importers or specialty retailers may offer you long term contracts and better prices, as you can bypass the auctions.
- For Czech buyers, especially larger ones, good supply chain management is important. For smallholder suppliers of tea, it is advised to integrate information technology and sharing, and to offer flexibility in internal operations in their supply chain management. Read more about these practices in a [case study](#) for Kenya.

In 2014, 25% of the Czech population preferred to shop at discounters, which offer a combination of favourable prices and reasonable quality. Hypermarkets are more popular than supermarkets are in the Czech Republic: 43% of Czech consumers shop in hypermarkets, while only 17% prefer supermarkets. Smaller shops are preferred by 15% households (Source: [Royal Thai Embassy](#), 2014). The primary reason that people have for choosing hypermarkets is the wide choice of goods.

Market research company GFK has predicted that in the Czech Republic, hypermarkets will lose market share to smaller, higher quality convenience stores in the general retail market. This could be an opportunity for specialty products such as loose leaf teas.

**Useful sources**

- SVNN - Union of Beverage Producers Czech Republic - (e-mail: [nealkosvaz@volny.cz](mailto:nealkosvaz@volny.cz))
- Czech Exporters – <http://www.czechexporter.com/> - a database of Czech exporters and importers of various products.
- International Tea Committee - <http://inttea.com> - non-profit provider of global tea statistics (based in the United Kingdom)
- Tea 2030 - <http://tea2030.tumblr.com> - global collaboration from leading stakeholders across the tea value chain
- Organic Farming in Europe - <http://ec.europa.eu/agriculture/organic>
- Fairtrade Labelling Organisation International (FLO) - <http://www.fairtrade.net>
- UTZ Certified - <http://www.utzcertified.org>
- Rainforest Alliance - <http://www.rainforest-alliance.org>
- Ethical Tea Partnership - <http://www.ethicalteapartnership.org> - non-governmental organisation (NGO) supporting farmers in sustainable farming and trade
- The Sustainable Trade Initiative - [www.idhsustainabletrade.com/tea](http://www.idhsustainabletrade.com/tea) - major tea brands and packers join forces for sustainable tea sourcing & trade
- Information on packaging can be found on the International Trade Centre website for export packaging: <http://www.intracen.org/itc/exporters/packaging/>