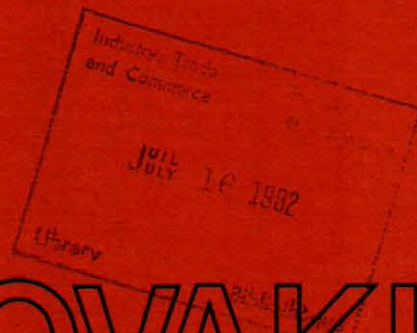


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ANNEX TO THE  
**WORLDWIDE FISHERIES  
MARKETING STUDY:**  
PROSPECTS TO 1985



CZECHOSLOVAKIA



Government  
of Canada

Gouvernement  
du Canada

Fisheries  
and Oceans

Pêches  
et Océans

(This Report is one of a series of country and species annexes to the main study  
- entitled the Overview).

D R A F T

Annex to the  
Worldwide Fisheries Marketing Study:  
Prospects to 1985

CZECHOSLOVAKIA

Author  
L. Gaetan  
Department of Industry, Trade & Commerce

December, 1981.

## ACKNOWLEDGEMENT

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Specifically, this Report would not have been possible without the cooperation and assistance of fishermen, processors, brokers, wholesalers, distributors, retailers, consumers and their organizations as well as government officials with whom we visited and interviewed. Though too numerous to mention separately, we would like to extend our sincere gratitude and appreciation.

The views expressed in this Study, however, are ours alone and reflect the Canadian perception of worldwide markets.

With regard to the overall Study, we would like to acknowledge:

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To all of the above, we extend our thanks.

E. Wong  
December, 1981.

## FOREWORD

As a consequence of global extension of fisheries jurisdictions, a radical shift has taken place in the pattern of worldwide fish supply and demand. This change is still going on and will continue for many years before a new dynamic equilibrium situation is reached. However, in the midst of this re-adjustment, a new trade pattern is emerging -- some net exporting countries are now importing and vice versa. In the longer term, some countries will experience shortages of supply and others will have a surplus. Fortunately, Canada is amongst the latter group.

The implications for the marketing of Canadian fisheries products arising from the worldwide introduction of the 200-mile limit are extensive. With our vastly improved supply position relative to world demand, government and industry are understandably concerned about ensuring that the bright promise of increased market opportunities are real and can be fulfilled. One of the steps in this process is the publication of the Worldwide Fisheries Marketing Study which assesses the global potential on a country and species basis.

Specifically, the purpose of the Study is to identify the longer term market opportunities for selected traditional and non-traditional species in existing and prospective markets and to identify factors which may hinder or help Canadian fisheries trade in world markets. To date, over 40 country markets and 8 species groups have been analyzed. It should be noted that while the information contained in the Reports was up-to-date when collected, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections should be viewed with caution given the present and still evolving re-alignment in the pattern of international fisheries trade, keeping in mind the variability of key factors such as foreign exchange rates, energy costs, bilateral fisheries arrangements and GATT agreements which have a direct effect on trade flows.

Notwithstanding, the findings contained in these Reports represent an important consolidation of knowledge regarding market potential and implications for improvements in our existing marketing and production practices. The results of the Study should, therefore, usefully serve as a basis for planning fisheries development and marketing activities by both government and industry in order to capitalize on the identified market opportunities.

This draft report is published for discussion purposes and as such we invite your critical comments.

Ed Wong

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October, 1981.  
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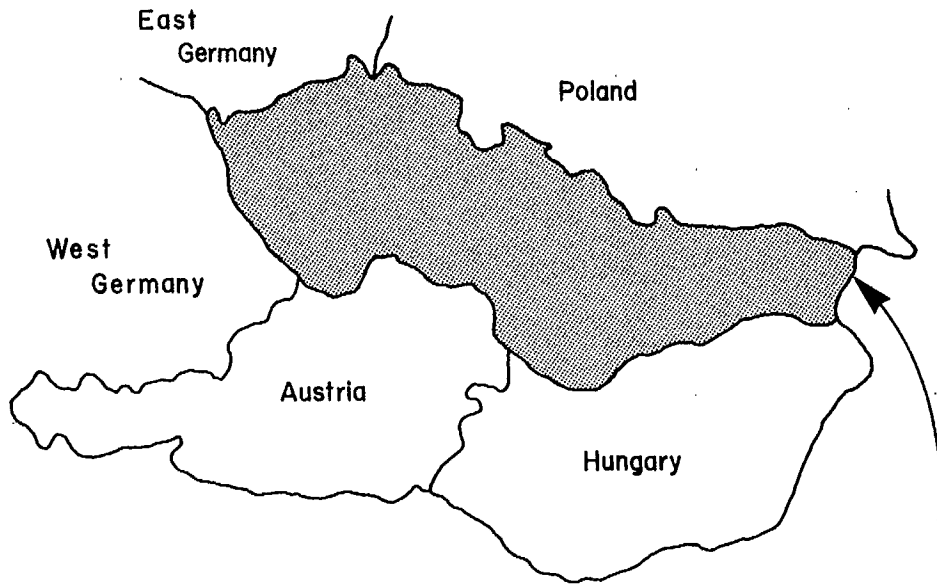
WORLDWIDE FISHERIES MARKETING STUDY

CZECHOSLOVAKIA

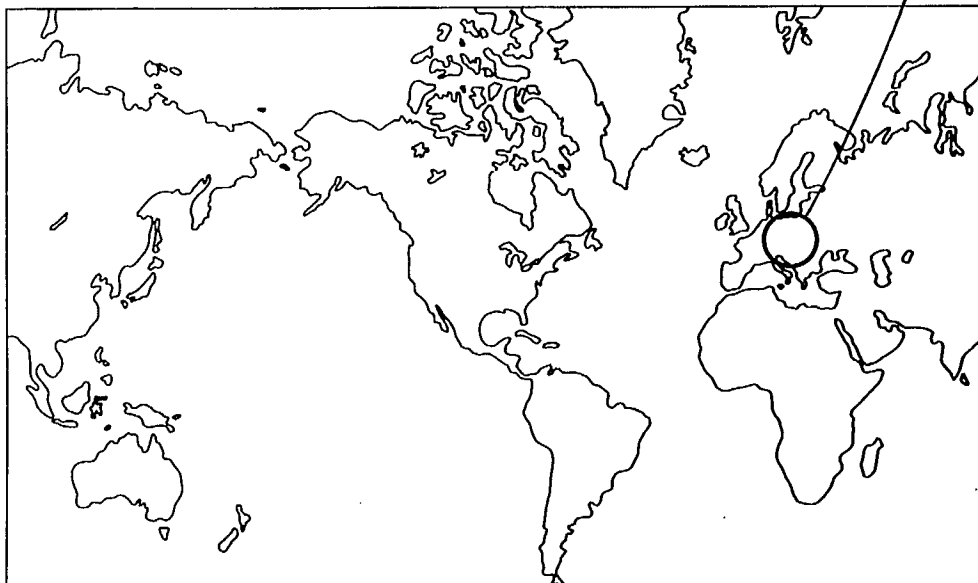
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# CZECHOSLOVAKIA



INDEX MAP



## A. INTRODUCTION

Czechoslovakia is a landlocked country in Central Europe, with an area of about 128 000 square kilometres, slightly bigger than the combined areas of Nova Scotia and New Brunswick.

In 1978, the population was estimated at 15 184 000. Some 10 275 000 people live in the Czech Socialist Republic and the remaining 4 909 000 in the Slovak Socialist Republic. The country's two major rivers are the Elbe flowing north and the Danube, which forms part of the southwest border and flows into Hungary. Neighbouring countries include the Soviet Union.

Among the Communist bloc nations, Czechoslovakia and the German Democratic Republic have the highest standard of living. In 1978, the Czech GNP per capita was C\$5 640, up from C\$ 4 530 in 1976. The economy is planned and centralized; trading organizations are state-owned and operated through various ministries according to general five-year plans and more detailed one-year plans.

Czechoslovakia is highly industrialized and has placed particular emphasis in the past 30 years on developing such heavy industries as chemicals and petrochemicals, and has built metallurgical plants and factories for the manufacture of equipment for power generation, including nuclear power. Other traditional sectors include textiles, clothing, leather, footwear, glass and wood products. The country has some coal and uranium deposits, relatively extensive forests and a productive agricultural industry, but its high rate of consumption makes it necessary to import substantial quantities of raw materials and fuels.



## B. DEMAND

Traditionally, the Czechoslovaks are not heavy consumers of fish. They prefer beef and pork, which is consumed at the rate of around 39 kilograms per capita annually. In the past, pork was more popular than beef, but this is now changing in favour of beef. Poultry is also a major protein item, and has been gaining steadily in popularity since 1978.

In order to reduce the pressure from the meat industry the Czechoslovak government is attempting to encourage people to eat more fish. In 1979 only 5.5 kilograms of fish per capita was consumed and this has not varied much in recent years (see Table 1).

Table 1  
Czechoslovakia: Consumption of fish per capita

	1973	1974	1975	1976	1977
	(kilograms)				
Fresh fish	2.2	2.3	2.4	2.4	2.0
Fish products	3.3	3.3	3.4	3.6	3.5
Fish total	5.5	5.6	5.8	6.0	5.5

Source: Fishery Statistics  
KOOSPOL, Czechoslovakia

The market for fresh fish is small, except for carp, which can be purchased alive or freshly caught. Frozen fish is available in small quantities, depending on the season. Most of the fish available to consumers is in the form of canned products, and most of the processing and canning is done in the capital city, Prague.

Canned and smoked mackerel products are relatively popular, and among the products available the majority are fish preparations, such as mackerel salad, and mackerel in tomato sauce, mustard sauce or wine sauce.

While the market may be small, the sale of fish and fish products in retail shops is fairly stable, as shown in Table 2.

Table 2  
Czechoslovakia: Sale of fish in retail shops

	1973	1974	1975	1976	1977	1978
	(tonnes)					
Fish products	39 801	46 633	48 448	48 667	48 001	48 357
Processed fish	14 978	16 316	16 181	15 816	12 875	14 014
Total	54 779	62 949	64 629	64 483	60 876	62 371

Source: Fishery Statistics  
KOOSPOL, Czechoslovakia

C. SUPPLY

1. The domestic fishery

Although a landlocked country, Czechoslovakia ranked 105th in terms of its catch in 1978, out of a total of 160 fishing countries. In fact, fishing is one of the nation's oldest activities, and in 1978 the production from rivers, natural lakes, man-made lakes and fish farms amounted to 17 094 tonnes of freshwater fish (Table 3).

Table 3  
Czechoslovakia: Production by species

	1975	1976	1977	1978
	(tonnes)			
Common carp	13 818	14 031	14 649	13 886
Pike & other Freshwater fish	2 613	2 799	2 693	2 511
Trout	509	534	616	697
<b>Total</b>	<b>16 940</b>	<b>17 364</b>	<b>17 958</b>	<b>17 094</b>

Source: Fishery Statistics  
KOOSPOL, Czechoslovakia

Due to the geographical location, Czechoslovakia had to rely on and develop its freshwater fishery, both natural and artificial to supplement its protein production. Among other initiatives, the state is heavily involved in the development of aquaculture, and in 10 years (concentrating mainly on carp) Czechoslovakia has nearly doubled its production of freshwater fish (Table 4). However, despite this increase in production, the Czechoslovak Fishery is unable to meet domestic and export demand.

Table 4  
Czechoslovakia: Freshwater fish production

Year	Catches Total	Species caught (tonnes)				
		Carp	Tench	Pike	Trout	Others
1970	13 366	11 257	335	254	179	1 341
1974	15 857	13 194	580	267	436	1 380
1975	16 940	13 818	689	280	509	1 644
1976	17 367	14 031	586	278	534	1 938
1977	17 959	14 649	651	253	616	1 790
1978	17 094	13 886	528	249	697	1 734

Source: Fishery Statistics  
KOOSPOL, Czechoslovakia

## 2. Imports

Although imports have been reduced substantially in the last 10 years, the country still must bring in significant quantities from foreign suppliers - more than 100 000 tonnes of fish and fish products in 1978 (Table 5).

In the past, herring was the main species imported, mainly from Canada. However, as a result of the high prices for herring on the world market, mackerel has been used as a substitute and now represents about 50% of Czechoslovakia's imports. Other species brought in include big-eye tuna (for canning) and some freshwater products.

Table 5:  
Imports into Czechoslovakia

	1970	1975	1976	1977	1978
	(tonnes)				
Fish, fresh, chilled or frozen	42 200	43 000	45 300	41 568	41 568F
Fish, dried, salted or smoked	500	600	600	483	483F
Fish products and preparation	15 500	16 400	24 400	19 670	19 670
Oils, fats, crude or refined	5 200	6 900	500	3 970	3 970
Meals, solubles & feeding-stuffs	103 000	46 700	63 100	30 000	35 000F
<b>Total</b>	<b>166 400</b>	<b>113 600</b>	<b>133 900</b>	<b>95 691F</b>	<b>100 691F</b>

F: Estimate

Source: FAO, Yearbook of Fishery Statistics - Fishery Commodities,  
Vol. 47, 1978, Rome, Italy.

There also has been some significant change in the country's import buying pattern over the past 10 years. The Netherlands is now the largest single exporting country in the Czechoslovak market with Canada having virtually no share of the present market.

Table 6  
Main exporters of fish and fish products to Czechoslovakia

	1965	1970	1978	1979
	(000 tonnes)			
Netherlands	0	0	19	13
Norway	12	15	7	8
FRG	1	2	3	5
GDR	1	6	8	4
USSR	15	15	7	4
Denmark	7	11	4	4
Canada	--	--	0,2	--
Others	20	9	13	8

Source: Fishery Statistics  
KOOSPOL, Czechoslovakia.

The fish imported is usually frozen round fish for further processing in Czechoslovakia. Approximately 55% is canned, 35% marinated and 14% smoked (Table 7). There is little or no demand for salted fish.

Table 7  
Czechoslovakia: Processing and production of fish products

Processed fish	1977		1978	
	tonnes	%	tonnes	%
Canned	24 408	52	26 541	54
Smoked	6 255	13	6 924	14
Marinated	16 211	34	15 571	32
Total	46 874		49 036	

Source: Fishery Statistics  
KOOSPOL, Czechoslovakia.

### 3. Exports

Czechoslovakia's small export trade in fisheries products consists mainly of trout and carp, which are sold almost exclusively to the Soviet Union and other Communist bloc (COMECON) countries. Export sales in 1978 are estimated to have been around 2 174 tonnes (Table 8).

Table 8  
Exports from Czechoslovakia

	1970	1975	1976	1977	1978
			(tonnes)		
Fish, fresh chilled or frozen	1 300	1 900	1 900	2 000F	2 000F
Crustaceans & molluscs, fresh etc.	100	200	100	155	155
Fish products and preparations	800	200	200	19	19
Total	2 200	2 300	2 200	2 174	2 174F

F: Estimated

Source: FAO, Yearbook of Fishery Statistics - Fishery commodities  
Vol. 47, 1978, Rome, Italy.

D. TRADE

1. Market Potential

The Czechoslovak government, through KOOSPOL, demands the best quality at the lowest possible price. The demand for fish protein is growing, however, there is only a limited quantity of foreign currency available to import fish.

Consequently one of the major obstacles to Canadian sales in Czechoslovakia is price. Canadian quotations were given to KOOSPOL on squid, cod, hake, pollock, herring mackerel and turbot. In general, the Canadian prices (CIF) were 10% to 30% higher than those of other suppliers.

As for quality, KOOSPOL indicated that they will accept only fish frozen at sea. Fish frozen ashore has been unacceptable since an incident in which 60 cases of illness were traced to consumption of fish that had been taken ashore and frozen.

Until fairly recently, Czechoslovakia imported substantial quantities of herring and Canada was the primary supplier. When the price of Atlantic herring increased dramatically, the herring market in Czechoslovakia all but disappeared and the Czechoslovaks turned to mackerel as a lower-priced substitute. It is unlikely that Canada will recapture this market unless herring prices decrease considerably.

However, it would appear that there are possibilities worth exploring. KOOSPOL representatives expressed interest in receiving price quotations and specifications on several species. There is a potential market for 10 000 tonnes of whole round mackerel, and for 10 000 tonnes of mackerel flaps. These products would be destined mainly for smoking. At present, the country imports about 20 000 tonnes of mackerel each year from Denmark, Iceland, and Norway (which has its own fish store in Prague).

There is also a potential for hake (headed and gutted, and fillets). Fish meal is another possibility. Continuing price increases have forced a drastic reduction in fish meal imports since 1970 (Table 5) and soya meal is used as a substitute. However, a significant quantity of fish meal is still required, and Canadian suppliers could examine the prospects of penetrating the market. The main competitors currently supplying fish meal are Peruvian and Scandinavian producers.

There are indications also that Canadian processors might find a market in Czechoslovakia for small quantities of canned or frozen crab meat.

In fact, KOOSPOL is interested in receiving quotations on any type of fish, except salted fish, which is comparable in price to mackerel. Possibilities are pollock, hake in block form (small package) and hake fillets (pin bone in, one kilogram package). The short term interest is primarily for whole, frozen fish. However, a market could develop in the future for fillets, pinbone in.

Contracts are usually for six months and the discussions for new contracts are held at the beginning of September for shipment in January next year and in April for shipment in June.

In the long term the Ministry of Foreign Trade is also interested in promoting the consumption of fish products in Czechoslovakia and thus reducing the pressure on the meat industry. With that in mind, Canadian fishing companies might participate in the annual food fair at Brno. The preparation of fish recipes adapted to the taste of the Czechoslovak consumer, or any other type of promotion to increase fish consumption, should be considered and will receive the encouragement of the Ministry of Foreign Trade.



## 2. Market entry requirements and barriers

Selling to Czechoslovakia is somewhat difficult. The products must meet the following requirements:

- i) date of catch and freezing (at sea) must be noted on cartons;
- ii) veterinary inspection and certificate ensuring histamin at zero level must be produced;
- iii) quality in the first instance is to be guaranteed by Canadian inspection and secondly be veterinary certificate at point of disembarkation, eg. Hamburg;
- iv) a veterinary certificate at the point of entry into Czechoslovakia is required; the decision at this stage is binding and can not be appealed;
- v) payment to the exporting company is made only after product acceptance at place of entry;
- vi) the seller must provide ice for trucks at the main disembarkation point.

The method of payment is usually one of the following:

- i) CIF Hamburg;
- ii) payment against documents in Prague with Czechoslovak commercial bank;
- iii) cable transfer of funds;  
one set of original bill of lading and certificate confirming the absence of salmonella must accompany the product.

Product specifications are given in Appendix I, and details of Czechoslovakia's foreign trade in Appendix II.

E. CONCLUSIONS

1. With a population of nearly 15.2 million and an area of 128 000 square kilometres, Czechoslovakia (together with the German Democratic Republic) enjoys the highest standard of living among Communist bloc nations in Central and Eastern Europe. Under the country's planned and centralized economy, the GNP per capita reached C\$5 640 in 1978, up from C\$4 530 in 1976.
2. Traditionally, the Czechoslovaks are not heavy consumers of fish. Per capita consumption was only 5.5 kilograms in 1979, but the government is attempting to promote greater use of fish in order to take pressure off the meat industry. A strong preference for meat is shown in a consumption figure of around 39 kilograms per capita annually. Recent trends show more consumption of beef, and less of pork, which has been the traditional favorite. Poultry has been gaining steadily in popularity since 1978.
3. While it is relatively small, the market for fish is also fairly stable. There is not much fresh fish available, except for carp, which can be purchased freshly caught or alive. Frozen fish can be found in small quantities. Most of the fish in retail outlets is canned, with the canning and processing usually done in Czechoslovakia. Canned and smoked mackerel products are relatively popular.
4. Czechoslovakia is a landlocked country, but fishing is one of its oldest activities and in terms of total catch in 1978, it ranked 105th in the world among 160 fishing nations. Production from rivers, natural lakes, man-made lakes and fish farms amounted to 17 224 tonnes of freshwater fish in 1978. Domestic production, in fact, has nearly doubled over the last 10 years, but it falls significantly short of domestic requirements. More than 100 000 tonnes of fish and products were imported in 1978.

Where the USSR and Norway were once the principal suppliers, The Netherlands is now the largest single exporter of fish to the Czechoslovak market.

5. Canada was once a major supplier of herring to Czechoslovakia, but since the price of Atlantic herring has risen dramatically, the market has all but disappeared and the Czechs have turned to mackerel as a lower-priced substitute.
6. There is reason to believe Canadian suppliers might find a limited market in Czechoslovakia, if they can meet the government's demand for the best quality product at the lowest possible price. There is a potential market for 10 000 tonnes of whole round mackerel and 10 000 tonnes of mackerel flaps, frozen at sea. At present, the country imports about 20 000 tonnes of mackerel per year from Denmark, Iceland and Norway.
7. Fish meal is another possibility. A significant quantity is required, even though price increases have forced a drastic reduction in imports. Competitors supplying fish meal to Czechoslovakia are Peru and Scandinavian countries. Canadian processors may also find a limited market for canned or frozen crab meat.
8. One of the major obstacles facing Canadian suppliers is price. Canadian quotations given in 1980 to the government trading agency KOOSPOL, were 10% to 30% higher than those given by other suppliers on squid, cod, hake, pollock, herring, mackerel and turbot. Officials of KOOSPOL are interested in receiving offers mainly on mackerel and but also on other species that can be delivered at prices equal to or lower than the going world price for mackerel.
9. Given the Czech government's interest in promoting fish consumption, Canadian suppliers might consider participating in the annual food fair at Brno, and there have been suggestions that a delegation from KOOSPOL be invited to visit Canadian fish processing plants and discuss sales prospects.

APPENDICES



APPENDIX II  
CZECHOSLOVAKIA'S FOREIGN TRADE

a. Relations With Other Countries:

Czechoslovakia is a member of the General Agreement on Tariffs and Trade (GATT) and the Council of Mutual Economic Assistance (CMEA or COMECON). Generally its trade is conducted on the basis of long-term bilateral agreements, within the framework of the above, with specific sectors delineated for potential co-operation or trade. Canada and the Czechoslovak Soviet Socialist Republic (CSSR) have convention of commerce, dating from 1928, which exchanges most-favored-nation tariff treatment.

As an active member of COMECON, Czechoslovakia participates in many multilateral and economic co-operation and industrial rationalization programs with other member nations, all of which are in the Communist block.

The largest portion of Czechoslovakia's trade (72%) and the area of most rapid growth is with Eastern European partners of COMECON. Trade with Western countries, which currently amounts to about 21% of the total, has stagnated somewhat in recent years, while trade with developing countries, which accounts for the remainder, is showing signs of growth.

Canadian exports to Czechoslovakia have traditionally been in the raw material category. (wheat, oil seeds, hides and skins, asbestos) with some sales of specific machinery or electronic items. Recently, good opportunities have opened up in the pulp and paper and sawmill machinery sectors and there appears to be good sales potential for Canadian firms in a number of other equipment fields.

b. Organization of Foreign Trade

The Czechoslovak system is a simple two-tier structure consisting of the Federal Ministry of Foreign Trade in Prague and its subordinate Foreign Trade Organizations (FTOs), which are the actual traders. Foreign trade is strictly under the federal government's jurisdiction; the Czech and Slovak Republics have no operating role in this field, but FTOs are located in both republics, mainly in Prague and Bratislava.

c. The Ministry of Foreign Trade

The government, in this case the Ministry of Foreign Trade, does not itself engage in trade, but determines policy, enacts the governing rules and distributes among the various FTOs the trade targets required by the plan. In the case of imports from Western countries in which convertible-currency payments are involved, these targets are usually stated as limits of imports. On occasion, the targets may be specific as to kind of imports for selected high-priority projects.

d. Foreign Trade Organizations (FTOs)

The FTOs act as the intermediaries between Czechoslovakia and foreign suppliers and customers. There are three types of FTOs:

1. commodity traders, in goods and related services;
2. organizations dealing with special services and transactions such as the buying and selling of licenses and knowhow, barter, financing, transportation, and similar activities related to foreign trade; and
3. agencies for the representation of foreign firms doing business with Czechoslovakia.

For fish and fish products, KOOSPOL, the state FTO, is the sole importer.

