

THE FUTURE COMPETITIVENESS OF CEE PACKAGED FOOD AND BEVERAGE MANUFACTURERS

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Introduction

This presentation is intended to give a perspective on market trends for four key countries within the region, namely Czech Rep, Hungary, Poland and Slovakia. The size and structure of each of these markets, together with the most important product types, the dynamic products and the underlying factors for demand are discussed. This study also looks at the most important companies within these markets, identifying the importance of domestic versus international players.

A second aim of this presentation is to explore the possibility of CEE as a global export competitor. To do this, FDI and the rationale for investment is explored. The role of exports, export destinations and the most important export products are also examined.

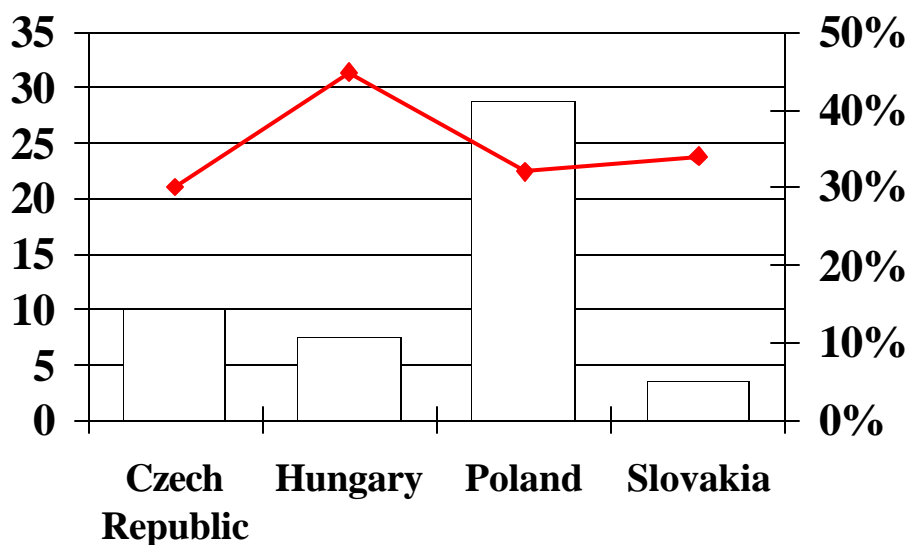
Packaged food and beverage values for key CEE markets

Looking at the markets in broad terms, Poland is most valuable, at US\$28 billion. Per capita spending for these four countries is between US\$370-450 per year, compared to average of \$1,500 in the US. All four markets are growing well, increasing by 30-45% in current terms over 1998-2002.

It should be noted that many food products, particularly for Slovakia, became more expensive in recent years, with the rate of price rises exceeding inflation. In some cases, such as certain meats and fish, prices doubled in the space of three to four years, while in some extreme cases there was a threefold increase. This situation was caused by the artificial prices maintained by the Socialist regime, which were then very rapidly subjected to market forces and, as a result, adapted in line.

The quality of food such as dairy has improved, not only due to investments from top manufacturers, but also large quantities of money from the EU. Higher disposable incomes have boosted demand for added-value products, particularly in those countries with low inflation and stable prices, such as Poland.

Packaged Food & Beverages Sizes 2002 US\$ billion (growth at current local currency, 98/02)



The make-up of the packaged food and beverage market

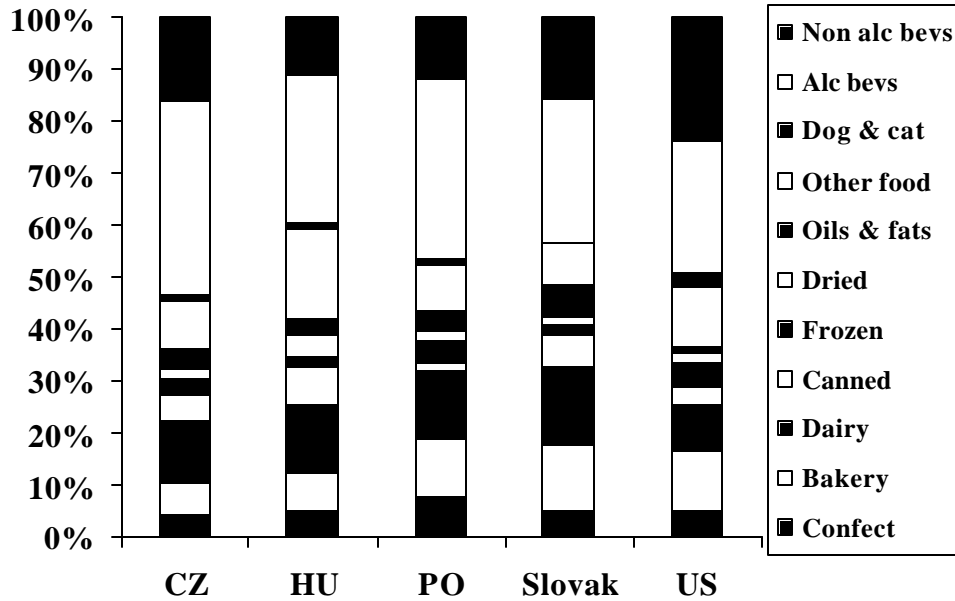
Looking at the structure of the packaged food and beverages markets, there are some clear differences between these four countries and the US. It is immediately clear that soft drinks holds a much smaller proportion in Eastern Europe. Milk is traditionally popular, but this is increasingly being replaced by soft drinks, with bottled water and sports drinks growing particularly strongly. By contrast, alcoholic drinks have a larger share of the market compared to the US, with the Czech Republic having higher per capita consumption of beer, and Poland a key market for spirits, particularly vodka.

Dog and cat food is clearly underdeveloped, but has strong potential to grow as lifestyles increasingly mirror those countries with ageing populations and declining birth rates, with pets being kept for companionship and often treated as family members. Consumer education and awareness of the nutritional needs of dogs and cats will be key to driving growth in these countries.

Much more oils and fats are consumed in the four countries compared to the US. Culinary habits account for this, with oils and fats more frequently used for frying, roasting or even preparing soups, cooking vegetables or making salad dressings. Ready-made sauces and dressings are still emerging in this region, but are growing well.

Canned food accounts for a relatively high proportion of total food sales compared to the US, although there is a shift towards frozen and chilled products.

Packaged Food & Beverages by Sector



Star product performers

A wide range of products grew well over the past few years. A central theme for convenience, and time saving in preparation of food is notable – ready meals crop up in three of the four markets, growing at an average annual rate of over 10%. In the case of Poland, for example, ready meals remain at a basic level, with traditional frozen and chilled home-style pies being the main offerings.

There is strong demand for functional and health-positioned foods, as evidenced through key performers – sports and energy drinks – as well as a shift towards soft drinks, with bottled water growing well in Hungary. Other health-orientated products, such as bio-yoghurts, are growing well.

Star Product Performers (10%+ CAGR 1998/2002)

Czech Rep:

- canned, frozen and dried ready meals
- spreads (honey, choc)
- sauces & dressings (esp salad, pasta, mayonnaise, vinaigrette, dried sauces)
- bot water, energy & sports drinks

Slovakia:

- dairy (milk, cream, cheese, yoghurt, chilled desserts)
- energy bars
- dried ready meals & pasta, RTD tea
- sauces & dressings (esp. salad dressings, mayonnaise, pasta, ketchup)

Poland:

- baby, spreads (nut, choc, jam)
- chilled (fish/seafood, pasta, ready meals, pizza, meat)
- confectionery (choc, sugar, gum)
- ice cream, snack bars
- energy & sports drinks, RTD tea

Hungary:

- bot water, sports drinks
- frozen (poultry, ready meals, pizza, fish/seafood)
- ice cream, instant noodles
- dried ready meals, sav snacks
- sauces & dressings (pasta, wet, fermented, salad dressing)
- chilled (pasta, seafood, meat)

What are the drivers to growth?

Busier lifestyles and higher incomes are driving demand for easy to prepare, value-added foods. As such, ready meals and frozen food have particularly benefited. Incomes are growing more rapidly for those within service industries such as finance, real estate and communications, areas which are seeing an increased number of women entering the workforce. Traditional sectors such as mining and agriculture have been or are in the process of being rationalised, and demand outside urban areas is less dynamic. However, government incentives to entice companies to base their businesses within these countries should alleviate some of the high unemployment rates this rationalisation is causing.

Unemployment Rate as % of Economically Active Population

	1990	2000	2010
Hungary	7.8	6.4	5.5
Poland	6.1	16.1	15.4
Slovakia	5.2	18.6	17.1
Czech Republic	0.7	8.3	6.9

Source: National statistical offices

The number of smaller households is on the increase – the proportion of Polish 1- and 2-person households is 47%, and this share is rising. This compares with 58% for both Hungary and Czech Republic in 2000, which is a similar proportion to that of the US. Slovakia's share has grown from 53% to 57% in the last four years, with the number of households comprised of four persons or more on the decline. The postponement of families, declining birth rates and greater urbanisation are contributory factors to this trend. These changes are impacting demand for different types of food, with individually wrapped or single-portion products, snack bars and quick to prepare foods such as soup growing well.

Populations are declining steadily for all four countries, but also ageing.

Population by Age 1992/2007

'000	1992	% share 1992	1997	2002	2007	% share 2007
Czech Republic						
0-4:	639	6	532	452	454	4
5-9:	671	7	640	534	454	4
10-14:	811	8	671	641	535	5
15-19:	893	9	811	672	643	6
20-24:	699	7	894	812	674	7
25-29:	696	7	703	899	817	8
30-34:	657	6	698	708	903	9
35-39:	793	8	657	700	710	7
40-44:	837	8	789	655	698	7
45-49:	724	7	827	780	645	6
50-54:	544	5	707	809	762	7
55-59:	503	5	522	682	784	8
60-64:	530	5	469	493	652	6
65+:	1315	13	1388	1425	1487	15
Total population	10313	100	10309	10261	10215	100
Hungary						
		0				
0-4:	615	6	565	486	478	5
5-9:	624	6	614	580	501	5
10-14:	771	7	624	605	575	6
15-19:	848	8	769	594	567	6
20-24:	713	7	845	829	655	7
25-29:	609	6	710	813	809	8
30-34:	682	7	605	711	820	8
35-39:	870	8	672	566	653	7
40-44:	774	7	849	685	567	6
45-49:	664	6	746	821	673	7
50-54:	608	6	631	695	789	8
55-59:	580	6	566	603	658	7
60-64:	572	6	525	501	531	5
65+:	1408	14	1455	1548	1665	17
Total population	10337	100	10174	10036	9940	100
Poland						
0-4:	2799	7	2339	1940	1935	5
5-9:	3350	9	2743	2258	1901	5
10-14:	3261	9	3383	3140	2551	7
15-19:	2999	8	3285	3434	3383	9
20-24:	2525	7	2972	3406	3622	9
25-29:	2556	7	2445	2665	3107	8
30-34:	3099	8	2488	2090	2114	5
35-39:	3294	9	3128	2498	1963	5
40-44:	2928	8	3263	3420	3004	8
45-49:	1868	5	2942	3674	3913	10
50-54:	1883	5	1640	2130	3071	8
55-59:	1928	5	1816	1537	1598	4
60-64:	1863	5	1764	1622	1432	4
65+:	3957	10	4432	4891	5210	13
Total population	38309	100	38639	38705	38804	100
Slovakia						
0-4:	394	7	332	278	275	5
5-9:	438	8	394	341	284	5
10-14:	469	9	438	392	339	6
15-19:	455	9	469	437	392	7
20-24:	374	7	454	484	452	8
25-29:	388	7	372	448	482	9
30-34:	406	8	387	362	429	8
35-39:	431	8	405	379	354	7
40-44:	379	7	426	408	383	7
45-49:	281	5	372	430	414	8
50-54:	253	5	272	353	419	8
55-59:	239	5	241	258	330	6
60-64:	237	4	221	214	232	4

65+:	552	10	597	629	655	12
Total population	5296.1	100	5378.9	5412	5441.2	100

Source: National statistical offices/Eurostat/UN/Euromonitor

Demand in the longer term is expected to increase for functional food, for example, low cholesterol products, for example, spreads such as Flora, or Primaliv yoghurt from Skåne dairy company (Swedish), which balances blood sugar, as well as OTC healthcare products including herbal remedies, are likely to see increased demand in future. "Healthy living" products such as foodstuffs made from soybeans (for example, dry soy schnitzels), and cereals (flakes, muesli, cereal bread, etc) have already witnessed strong growth. Also, low fat products and fortified foods such as bio-yoghurts are seeing increasing success.

Greater mobility, tourism and the presence of fast food outlets are impacting consumer choices, with snack bars, crisps and nuts growing well. Oriental and Mediterranean food is also becoming more popular, and pasta, noodles and ethnic sauces are seeing strong growth.

The presence of supermarket giants has enhanced the variety of frozen food stocked, whereas previously smaller shops with less floor space offered a limited choice of products. Advertising and promotion for branded goods is also pushing demand for value-added products.

Changing shopping habits towards weekly shopping, competitive pricing and flexible opening hours are all contributors to growth. Supermarkets, discounters and convenience stores are all established and increasing in number, particularly chains such as Metro, Tesco, Ahold, Auchan, Rewe. A more recent development is the presence of shopping centres and malls.

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Growth Drivers

- ⇒ **Average monthly income (97/01 constant growth, local curr)**
 - Czech US\$364 (+5%) & Hungary US\$364 (+19%)**
 - Poland US\$418 (+16%), Slovakia US\$315 (+16%)**
 - US comparison \$2,154 (+20%)**
- ⇒ **Numbers of women earners growing - primarily in service sector**
- ⇒ **Smaller households - Poland and Slovakia 1-2 person households up by 10% and 14% respectively in 1997/2000.**
 - US comparison 1-2 persons households up 6% and accounts for 59% of all households vs Poland 47% and Slovakia 57%**
- ⇒ **Declining birth rates in all four countries, ageing populations a longer term trend**
- ⇒ **Entry of major retailers, more variety and brands available, increased advertising and innovation**
- ⇒ **BUT....demand tempered by high unemployment rates from the fallout of rationalising industrial and agricultural sectors.**

Slide 7 Top packaged food companies

The majority of companies within each of the top five players are multinationals, and they are predominantly of European origin. Nestlé appears in all four countries, while Unilever is in a leading player in three of the four markets.

Both companies are present in important or fast-growing food sectors, such as confectionery, frozen food, spreads, ready meals and cereals, as well as having acquired companies within the substantial dairy products sector.

With the exception of Poland, there is at least one major domestic player ranked in the top five companies in each country. With Poland, of the top 15 packaged food players, only three were controlled by domestic capital in 2002.

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Top Packaged Food Companies 2001

Czech Republic

- Nestlé
- Hamé
- Danone
- Unilever
- Jihoceske Mlekarny

Hungary

- Pick Szeged Szalámigyár és Húsüzem Rt
- Unilever
- Friesland Coberco
- Parmalat
- Nestlé

Slovakia

- Nöm AG
- Henkel
- Nestlé
- Philip Morris/Kraft
- Hamé

Poland

- Unilever
- Danone
- Nestlé
- Cadbury Schweppes
- Hochland Reich, Summer & Co

Top foreign investors

The key investors in 2000 are major companies with a global presence. Unilever and Nestlé are among them, as are soft drinks giants, Coca-Cola and PepsiCo.

While there were a number of obstacles to privatisation generally in CEE countries, with some sectors considered by respective governments as strategic (read subsidised). In some other cases, privatisation was delayed by the regulatory reform required. Finally, some companies were so large and/or capital intensive, that the size typically implied initial public offering as the best privatisation method. However, IPO turned out to be efficient but time consuming privatisation path, due to the fact that evaluation process was complex and the stock exchanges were at the teething stage. None of those problems turned out to be a serious obstacle for food and beverage sector and there was a supply of firms during the privatisation process.

Thus, early privatisation, including the presence of foreign investors, resulted in the first phase of the restructuring of the food and beverage sector, which is now largely complete. In this respect, the sector is far better prepared to face competition resulting from further European integration (compared, for instance, with heavy industry, where neither privatisation nor restructuring are complete in many cases).

Case study: Nestlé's investments in Poland, Czech Republic and Slovakia

Poland

Nestlé Polska SA, a division of Nestlé SA, started operating in Poland in 1993, with the introduction of the company's top brands, Nescafe and Nesquik. The following year, the company acquired the well-established Polish brand Goplana. Since then Nestlé has offered a wide range of chocolate and sugar confectionary products under the Goplana brand which is one of the best-selling brands in Poland. 1994 was also the year when Nestlé acquired the dairy plant in Kobylnica and started production of baby milk formula under the NAN brand. Since then the production of milk formula has increased 10-fold. In 1995 Nestlé bought Winiary SA, the largest Polish manufacturer of culinary products, manufacturing a range of products including dry soups, sauces, stock cubes, dry deserts, spices and ready meals.

Czech Republic

Nestlé entered the Czech food market in 1992 with an assortment of products, including baby food under the Nestlé and Beba brands, instant coffee under the Nescafe, Ricore and Caro brands, Nesquik instant cocoa, Nestlé and Fitness breakfast cereals, soups, herbs and spices and pasta, as well as Maggi instant ready meals and Carpathia jams. Its portfolio was further enlarged with the part-acquisition of the ex-Czechoslovak confectionery giant Cokoladovny at the start of the 1990s to create Nestlé Cokoladovny (the company's savoury snacks division was sold to Danone). With this, Nestlé acquired the leading confectionery brands Orion, Deli, Zora, Lipo, Sfinx, JoJo, Bon Pari and Haslerky, and began manufacturing its Nestlé private label products at the Cokoladovny plant, for the export market.

With its steady investment, marketing know-how, and heavy advertising expenditure, Nestlé managed to acquire leading positions in almost all of the product areas in which it was active by 2000, and employed 2,000 workers at Cokoladovny that year. Turnover in 2000 stood at CK5,231 million, up from the previous year's CK5,078 million. In 2000, the company streamlined the Cokoladovny brands, improving recipes, redesigning packaging and launching new brands, to make Cokoladovny one of the country's top 10 consumer brands, shoulder-to-shoulder with some of the top names in markets as diverse as telecommunications and cars.

Having learnt a hard lesson from the crash of the Russian market in 1998, Nestlé has focused on building a stable export base to avoid a similar experience in the future. Around 60-70% of confectionery exports from the Czech Republic plant go to Nestlé bases, primarily Poland, Hungary, Russia, United Kingdom and the US, for sale in those countries. The confectionery production plant in Czech Republic has capacity to produce high quality products, and manufactures confectionery products outside the standard offerings made in other Eastern European Nestlé plants. Partly for this reason, as well as for its competitive prices and know-how, the Czech plant began producing goods for Nestlé USA 18 months ago, including for a brand relaunch as well as for an entirely new brand. Within the Czech

Republic, Nestlé has maintained the local confectionery brands given their longstanding presence and successful performance.

Slovakia

Nestlé Food Slovakia, s.r.o., entered the Slovak market in 1992, when it bought the company of Carpathia in Prievidza. Carpathia manufactures bouillon, instant and dehydrated soups, spices and condiments, and Nestlé's Maggi brand also includes dried food such as soups. Since 1999, Nestlé has spread its production to include chocolate and sugar confectionery brands such as Orion, Deli, Bon Pari, Sfinx, JoJo, Haslerky and Zora. Nestlé is also an importer of instant coffee and breakfast cereals, as well as the pet food brands Friskies and Darling. Imported products are mostly distributed from central warehouses located in Middle and Western European countries. The activities of Nestlé Czech Republic and Nestlé Slovakia are coordinated by a management team in Prague. The Nestlé factory in Slovakia was awarded a quality certificate ISO 9001 by Bureau Veritas Quality International in 2002. The turnover of the company increased by 10.2% in 2001 compared to the previous year. Its overall sales reached a value of SKK4,057 million in 2001, from which the domestic sales reached SKK2,959 million, with goods exported by Nestlé from Slovakia to other countries worth SKK1,097 million, the majority of which is within the CEE region.

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Largest Foreign Investors in Food & Bev Sector 2000

Investor	Host country	Origin	Approx equity & loans \$ million	Activities
Coca-Cola Hellenic Bottling Co	Poland	US/Greece	500	Soft drinks
Nestle	Poland	Switzerland	348	Food processing
Coca-Cola	Hungary	US and other	300	Soft drinks
PepsiCo	Hungary	US	160	Soft drinks
Feruzzi	Hungary	Italy	160	Food
Unilever	Czech Rep	Netherlands/UK	100	Various
Sara Lee/ Douwe Egberts	Hungary	US	100	Food processing
Unilever	Hungary	Netherlands/UK	100	Food

Exports values

Food exports totalled US\$8,092 million in 2000. Aggregate figures on exports do not reflect an important structural shift from exports within COMECON, to exports to developed countries, the EU in particular.

That said, reliance on the Russian export market has not yet been totally replaced by exports to the EU. In Hungary for example, domestic players are to some extent reaping the benefits of a better economy, rising disposable incomes and greater aspirations among consumers, with offers of value-added products, and are thus focusing on the home market.

Hungary and Poland are the two major exporters of food products, accounting for over 50% of all exports from these countries.

Hungary's most valuable exports of processed food and drink are:

- Apple juice concentrate;
- Jellies and preserves;
- Frozen raspberries and dark cherries.

Hungary's biggest food partner is the EU, with Germany and Austria the most important countries within it. Outside the EU, Switzerland, Canada, the US and Japan are its key export markets.

Other important exports include wine and canned food of which sweet corn is the most important type. Hungary is Europe's second largest exporter of sweet corn after France, exporting around 60,000 tons in 2001. However given the trend away from canned food generally in the EU, plus a expected reduction in subsidies and restriction of export quotas to member states, Globus, the biggest canned food company in Hungary, is now expanding into frozen food.

For Poland, important exports include:

- Sausages (Krakow and juniper smoked are the two major types) and other processed meat, fruit juice;
- Milk powder;
- Confectionery;
- Pastry;
- Vodka.

For the Czech Republic, the biggest exports of processed food and drink include:

- Beer;
- Confectionery and sugar products;
- Canned food – pork and beef;
- Sausages and other processed meat;
- Fruit juice

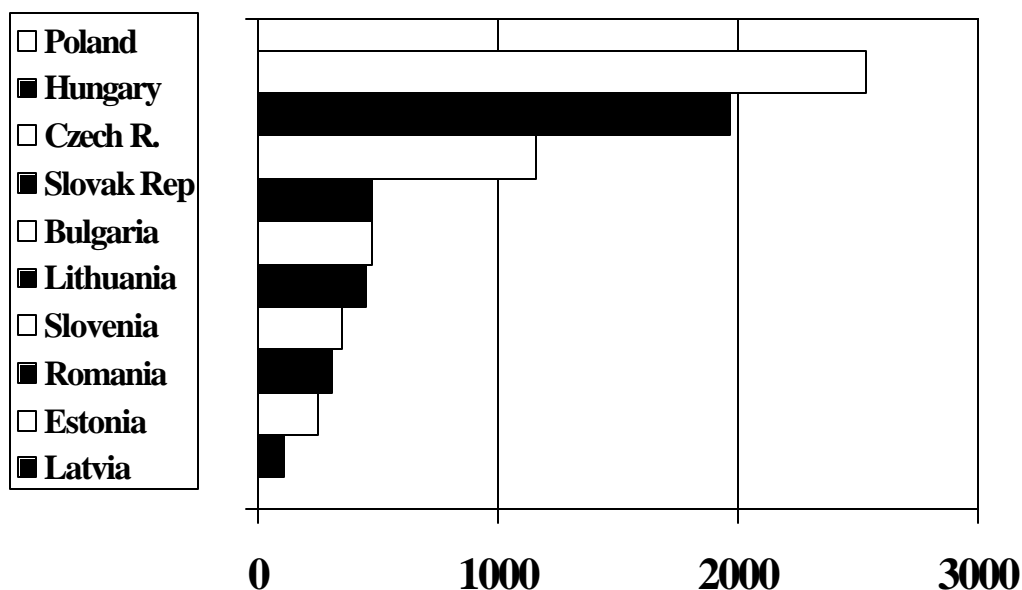
Slovenia's main exports include cheese, processed tomatoes, processed poultry and meat products. Slovenia's biggest export countries are Bosnia, Croatia and Herzegovina, and it will continue to have preferential agreements with these countries for 10 years, upon accession to the EU. To cut them off immediately would mean a fall in GDP, because Slovenia is a net exporter to these countries with 15% of exports versus 7% of imports from these countries. Processed food accounts for a large proportion of this 15%.

Estonia exports beverages, dairy products and fish products.

Lithuania exports include canned, frozen and cured fish products. The country imports fresh fish from Norway and the US among others, and processes fish for export to Russia, Ukraine, Belarus, Germany and Poland.

Countries, which are lagging in terms of institutional reforms and liberalisation have the worst results in terms of exports, and this relates clearly to Romania, which is underperforming; in this case, the performance of food processing is likely linked to the situation in agriculture – ie, an inadequate legal and property rights framework. The dramatic underperformance of Romanian agro-food sector is further highlighted by the fact that it is the only country within this group to experience a rising share of employment in agriculture, with falling productivity. This contrasts with Poland, where in 2002 employment in the food sector dropped by 1.5%, and the average salary increased by 2.5%, which is indicative of companies' improved efficiency.

Food Exports Totalled US\$8,092 Million in 2000

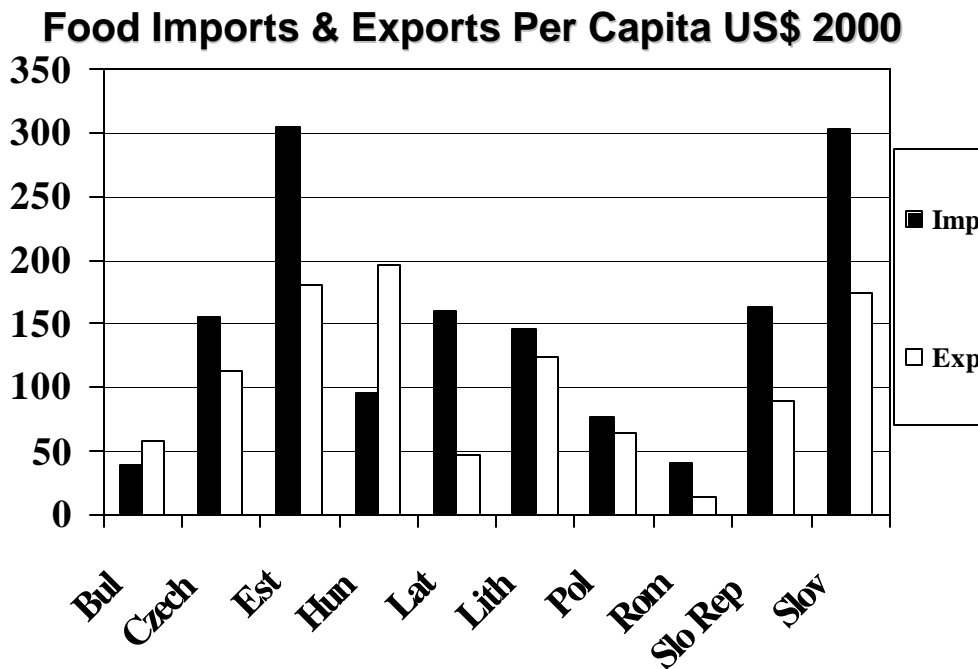


Imports vs Exports

In general, broader external openness implies an increase in both imports and exports, so that the levels of the two are clearly correlated.

Hungary is a clear outlier in Central Europe, with specialisation in food exports and large net exports of food products. Nevertheless, there are clear differences within the CEE. Estonia and Slovenia are two small open economies with a high volume of food imports, but also a very good performance in food exports. This makes them structurally similar to Israel.

Next, in terms of food exports per capita, comes Lithuania, a country more than twice as large in population terms compared to Estonia and Slovenia. Its relatively high level of food exports per capita is accompanied by openness and significant imports. Given the relatively small size of the domestic market, exports are important.



Future global competitor?

Potential to transform into a global export competitor for processed food is unlikely. Looking first at the uses for FDI in the future, there are two possible strategies for foreign investors:

- Low-cost production for sourcing of international trade (factors: relatively low cost of material inputs, low labour cost and land costs – important: with EU accession, all restrictions on buying land for investment removed). However it is unlikely that this will remain a major factor, as wage costs in particular will continue to increase (they are increasing not only because of a higher rate of productivity, but also the Samuelson-Ballasa effect, ie, the real appreciation of exchange rates). Nevertheless, there is some scope for this strategy given the characteristics of the labour force (education), proximity to the Western and Central European markets, and the removal of trade barriers with EU countries.
- Investment focused on local markets, ie growing markets in Central and Eastern Europe (the convergence process in income levels has been continuing since mid-1990s); implications of higher incomes: consumption of meat likely to increase in the near future (especially poultry; for instance Department of Trade recommends poultry breeding stock as one of strategic directions for US investment and exports in the region).

It is this second step that is the main strategy for new and existing investors. Opening up fully to competition from the EU, and the necessity to meet EU standards, will result in a new wave of restructuring and renewed demand for FDI. While initial FDI focused on acquisition and setting up plants, further efforts have to be made to meet hygiene, health and safety requirements in food, particularly in the still fragmented meat and dairy products sectors. Administration, inspection and control mechanisms are still to be fully implemented for some countries. In Poland, for example, the market is still plagued by products of

unknown origin sold in markets and bazaars, even in big cities, including Warsaw. Inspections by the State Trade Inspectorate in Poland's largest supermarkets at the end of 2001 questioned the quality of varying quantities of the products tested. Over half of the processed tinned meat products inspected were found to be substandard, as were two-thirds of packaged cooked poultry products. The inspection also revealed mass deception of clients – the packaging of most processed meat products did not display information on the additives they contained. The control also confirmed the existence of a black market – illegal plants processing meat not subject to any veterinary or hygiene controls.

Furthermore, despite the large investments in infrastructure, as well as advertising and promotion, competition from domestic players remains tough. More recently, for example, Polish companies that survived the 1990s are more resourceful and stronger from the battle with multinationals. In the early 1990s, consumers were keen to buy the famous Western brands they had been deprived of for many years. However, after a period of fascination with Western products, consumers are increasingly returning to domestic products, which, particularly after privatisation, became more recognisable. Domestic companies are playing heavily on this, and thus competition in the future will be tougher, and investment will be required to sustain share.

While some players may be driven out of the market – particularly likely for the dairy and meat industries – the closing down of old enterprises does not mean that the market will consolidate, but may see the birth of new domestic players, as well as further foreign entrants. Two new domestic companies – Ambra (wine) and Maspex (fruit juice) – were both set up in 1990s, with the help of investment from foreign partners, and are gaining success.

Thus, FDI in the near future will be used for restructuring and modernising. With the food market still very fragmented, major companies are expected to focus largely on increasing market share within each country, with the quickest way to achieve this being to spend money buying existing brands or companies.

Expansion beyond region with niche products

Export opportunities, as a result of FDI and on joining EU, have both geographic and economic limitations. Products themselves are not so expensive to manufacture, but costs involved in distribution overseas limit potential. Therefore, in the food processing industry, most production from accession countries is of multinational provenance, and already available within EU countries. Within the EU, then, the main competition will occur between multinationals, rather than between specific countries.

However, the growing competitiveness of imported consumer products is leading to a continued improvement in the quality of food within the accession countries. This is an important element in creating competitiveness and export opportunities in coming years.

Hungary and Poland are major food exporters. The rest of the countries are overall net importers, and exports will be largely lost within the EU, although, as mentioned earlier, there are exceptions to the rule, with Baltic countries continuing to be important export markets, in the medium term at least.

There is of course some potential to export to the former USSR. Just as Austria benefited from subsidies to export to the Soviet Union, this will also benefit Hungary in particular, given its geographic proximity. But technological developments are growing rapidly,

especially in Ukraine and Russia, where capability to produce processed food has been purchased, particularly frozen food, making them less reliant on imports.

There is potential to export niche products, although not dumping to supply markets. Outside the EU, Eastern and Central Europe, key export targets include the US, Canada, Korea and Japan. The purchasing power within the African and Asian regions, with notable exceptions, is not high enough even at competitive prices for the majority of processed food and drink products.

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Products for export

Potential for niche, high-value products:

- **beer, potable spirits (eg vodka), wine**
- **apple juice, frozen fruit eg cherry, raspberries**
- **honey, jellies & preserves**
- **sugar and chocolate confectionery**
- **processed fruit & veg eg sweet corn, tomato**
- **processed meat eg salami, sausages, goose liver**
- **processed fish**
- **cheese**

And so to conclude...

CEE countries are expected to see increased demand for value-added processed food products over the next few years. Foreign investment in the countries is primarily to meet domestic demand and boost the regional shares held by multinationals. There is export potential, but this is likely to be limited to EU countries, countries with the former Soviet bloc and the Balkans as well as key countries globally, such as the US, Canada, Japan and South Korea. The types of products will range from beverages and confectionery to processed meat, fruit, vegetables and cheese.

Finally, in terms of import opportunities, internal demand is currently growing for convenience food – noodles, sauces, soups, ready-made meals and prepared ingredients for meals – pasta sauces, stir fry sauces, salad dressings, food service, with renewed interest in national cuisine. Of course demand for citrus fruit and seafood will continue. and peanuts. In future, as markets mature, this demand will shift to health, organic food and free range/grazing-based products.

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Euromonitor International has grown far beyond its original European roots, and now ranks as the world's leading provider of truly global business intelligence and strategic market analysis.

Our research covers more than 300 markets (consumer, industrial and service sectors) and countries worldwide. Employing a combination of tried-and-tested primary and secondary research techniques, and benefiting from a reputation for scrupulously thorough analysis and reporting of quantitative and qualitative information, Euromonitor International's research continues to lead the field in both depth and breadth.

We continue to believe in the importance of on-the-ground contact in the research process, and in maximising the value of the skills and experience of our in-house teams, and our international network of researchers, interviewers and analysts, by maintaining the closest possible relationships between our research teams and our customers.

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