



ANALYSIS OF ILLICIT ALCOHOL IN THE CZECH REPUBLIC

A custom report compiled by Euromonitor International
for SABMiller

May 2015



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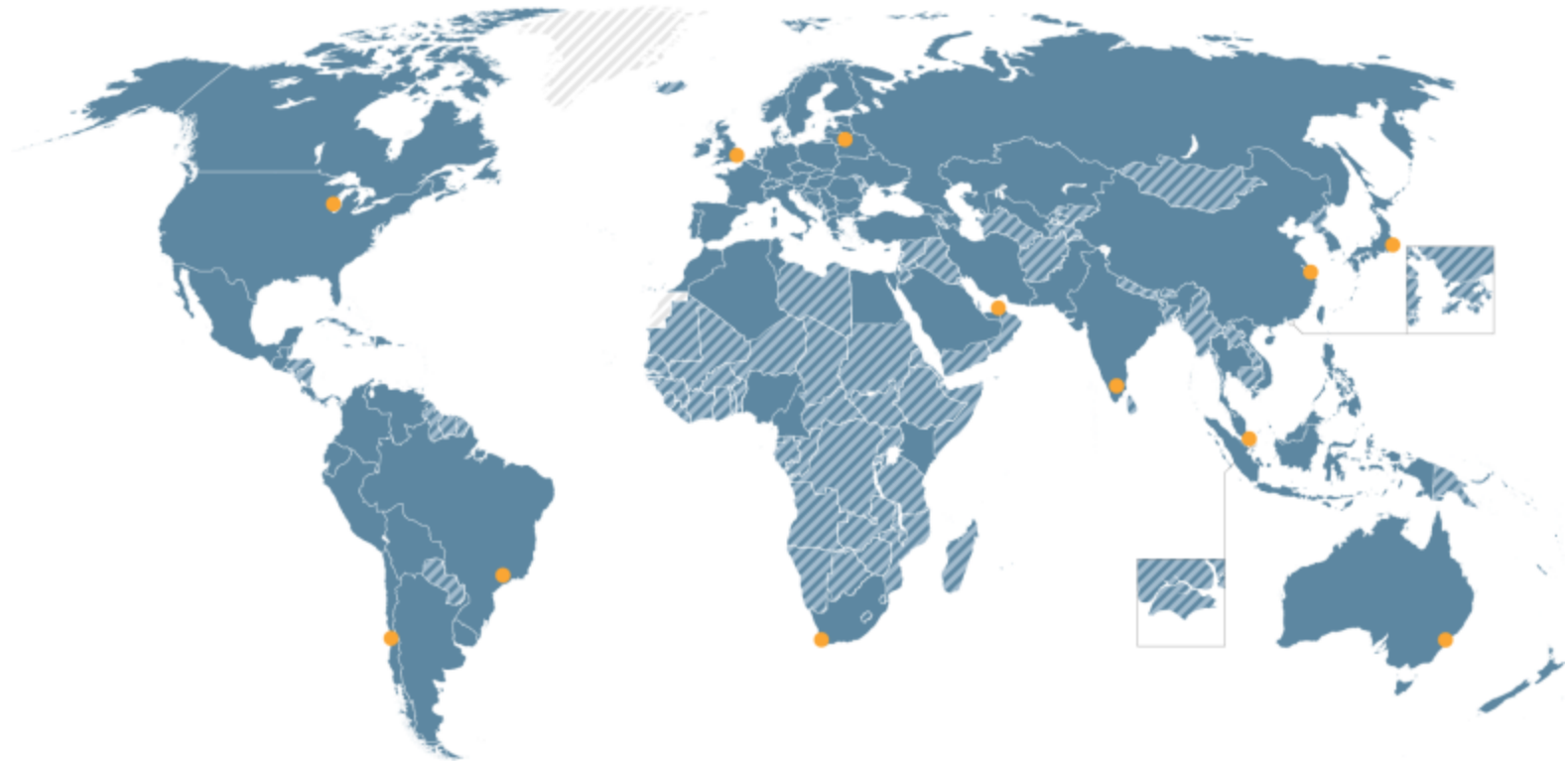
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Euromonitor International network and coverage



● **12 OFFICE LOCATIONS**

London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, and São Paulo

■ **80 COUNTRIES**

in-depth analysis on consumer goods and service industries

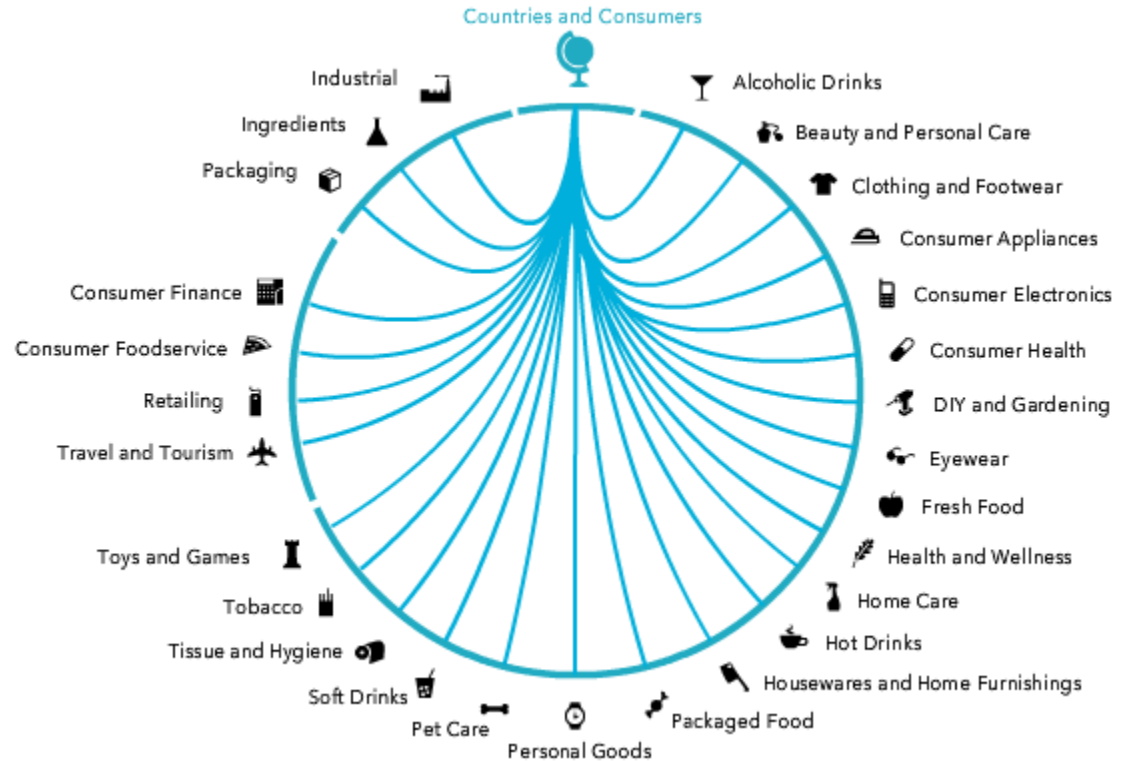
■ + ■ **210 COUNTRIES**

demographic, macro- and socio-economic data on consumers and economies

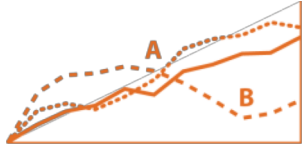
Countries and consumers

360° Perspective

Passport offers subscribers a comprehensive view of their commercial environment, from the product-specific trends tracked within industry databases to the socioeconomic insights in Countries & Consumers.

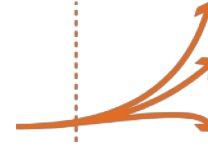


Custom solutions and capabilities



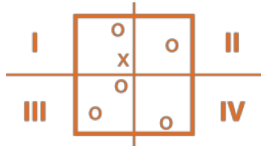
Category evaluation

Sizes, shares, growth
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Market entry strategy



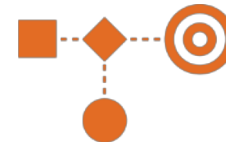
Forecasting

Launch, sales, demand, lifecycle
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Determine risk exposure



Competitive intelligence

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Partner evaluation



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Consumer analytics

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Route to market

Production, imports, exports
Supply and value chain
B2B and B2C channels



Marketing analytics

Marketing effectiveness
Substitutes and complements
Price and channel strategy



Macro

Opportunity frameworks
PEST
Quarterly tracking

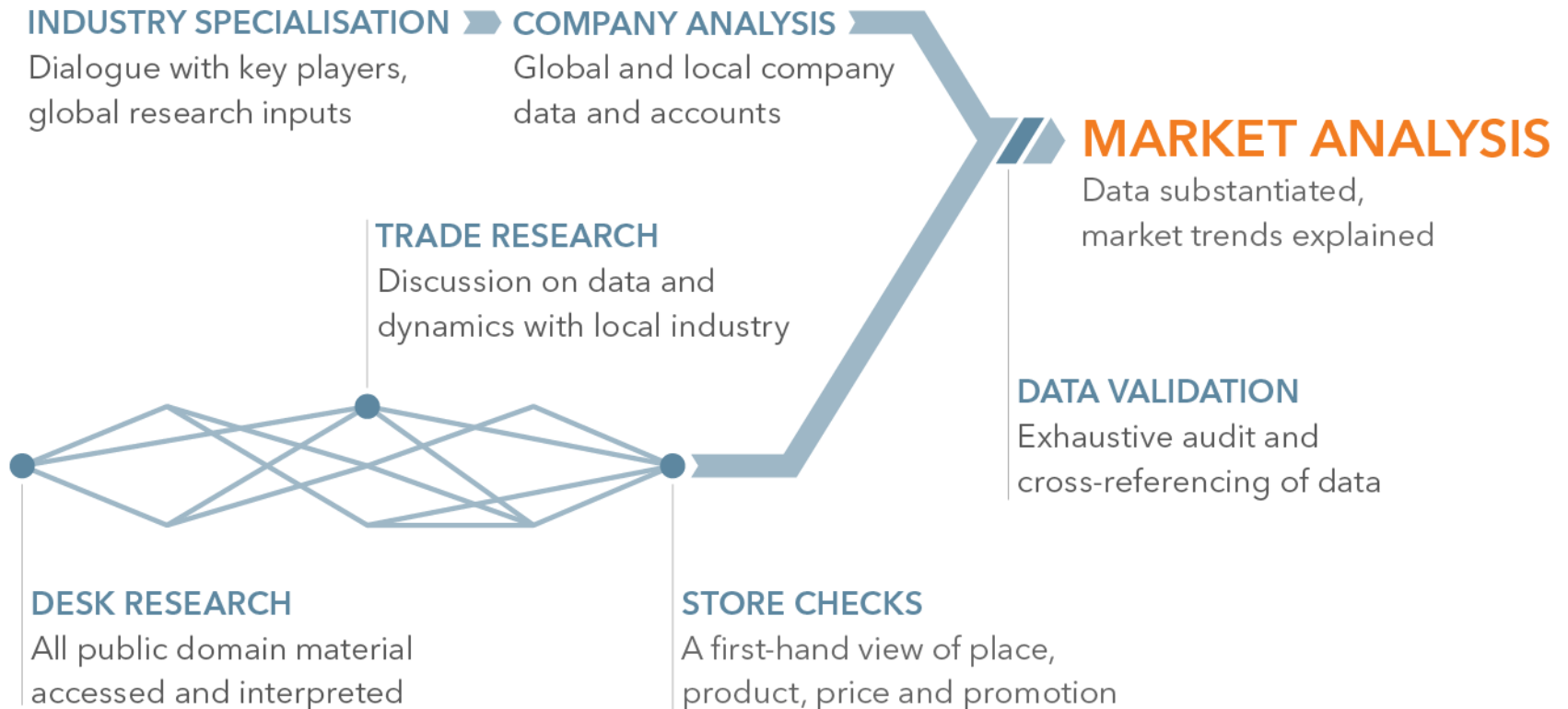


Visualisation

Discovery, sharing, communication
Market attractiveness planners
Performance monitoring

Research methodology

GLOBAL INSIGHT



LOCAL KNOWLEDGE

Project objectives

Category Coverage

Counterfeit and illicit brands

- Substitution/refill
- Industrial manufacturing of illicit/unbranded

Smuggling

- Smuggling of ethanol
- Smuggling of the finished product

Illicit artisanal alcohol

Surrogate

Tax leakage

Alcohol Type Coverage

Distilled

Fermented

Geographic Coverage

Czech Republic

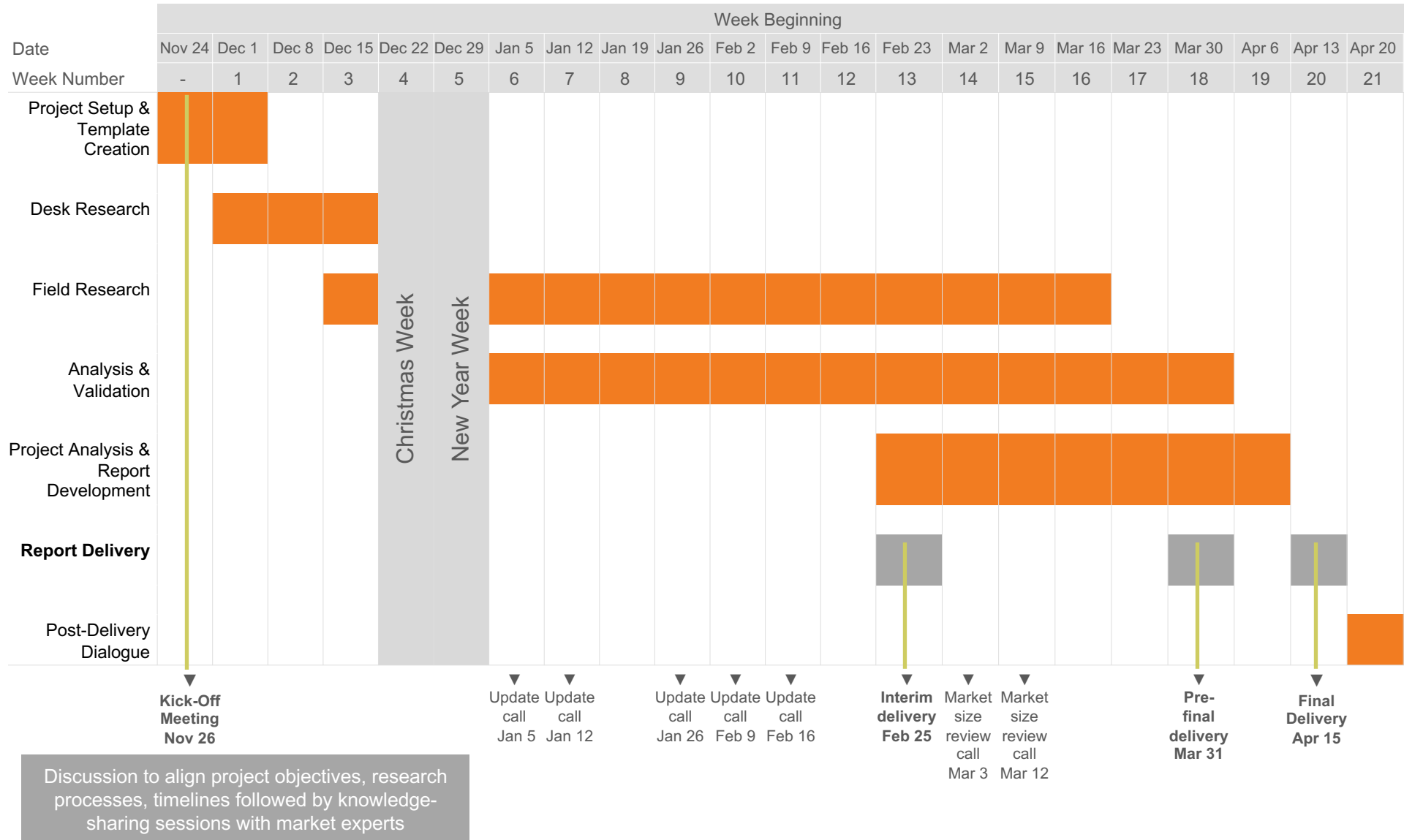
Project objectives

- Size the total market for illicit alcohol in value and volume terms.
- Examine the current trends within the illicit alcohol landscape.
- Understand what motivates people to buy illicit alcohol from the industry point of view.
- Identify the value chain for illicit alcohol, distribution and production.
- Define and value the fiscal loss.

Euromonitor International solution

- Secondary research of internal resources (Passport database) and publicly available sources in order to understand the basic framework of the illicit alcoholic beverages market.
- In-depth interviews with industry experts from all levels of the alcoholic beverages supply chain including alcohol producers, distributors, retailers, government sources, trade and alcohol associations for their opinions on the size of the trade and trends in the market.
- Analysis of the above multiple sources to reach independent conclusions, reported transparently and with any relevant estimates and assumption-building factors.

Project timeline



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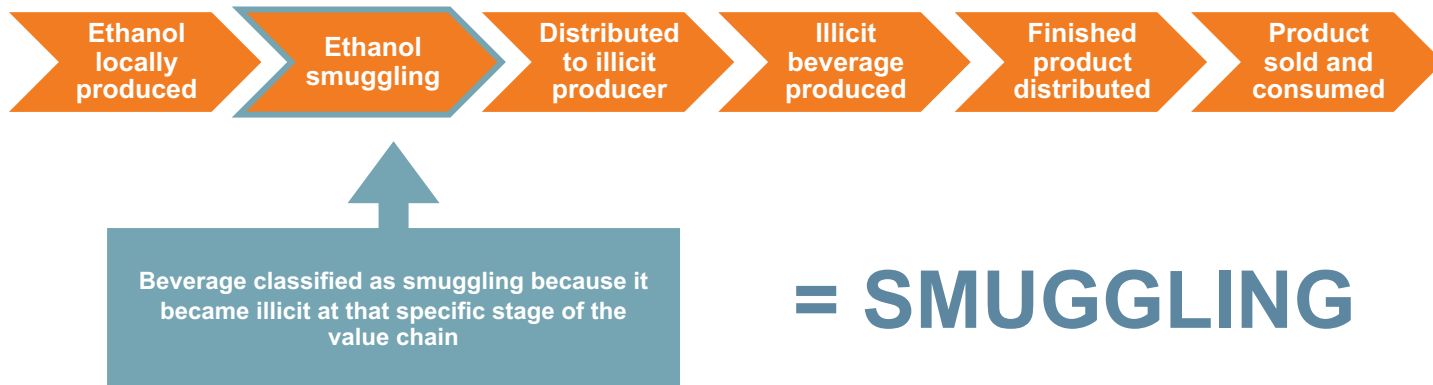


Project scope and definitions

| Category | Subcategory | Definition |
|--------------------------------|--|---|
| Counterfeit and illicit brands | Substitution/refill | Illicit alcohol sold as licit brands or empty bottles of legitimate products refilled with cheaper alcohol. |
| | Industrial manufacturing of illicit brands or unbranded beverage alcohol | Manufacturing of illicit branded or unbranded alcohol. |
| Smuggling | Smuggling of ethanol | Illicit imports of ethanol as a raw material. |
| | Smuggling of the finished product | Illicit imports of alcoholic beverages. |
| Illicit artisanal alcohol | n/a | Illicit artisanal alcoholic beverages made for commercial purposes. |
| Surrogate | n/a | Alcohol not meant for human consumption (eg pharmaceutical alcohol) diverted to the alcoholic beverages market. |
| Tax leakage | n/a | Licit alcoholic beverages (locally produced) on which inappropriate or no excise was paid. |
| Licit artisanal alcohol | n/a | Beverage alcohol produced as part of long-standing traditional and/or cultural practices. Includes home production for personal use as well as distilled drinks produced at distilleries for households. Excludes home production for sale. |
| Abbreviations | HL | Hectoliter |
| | LAE | Liters of alcohol equivalent |

Value chain analysis used to avoid double counting

- In many cases, illicit alcoholic beverages can fall into more than one category. To avoid double counting and to better understand each of these categories, Euromonitor International designated each product to the category in which it first enters the illicit alcohol market of any given country.
- For example, if an illicit artisanal beverage is created from smuggling ethanol, then for the purposes of this study it is considered smuggling because the alcohol became illicit the instant it entered the country without paying the due taxes, prior to the artisanal production and distribution process.
- This example (illustrated below) helps explain the Euromonitor International category classifications for this project:



Valuation approach

| Valuation Methodology | |
|---|--|
| Category | Methodology |
| Counterfeit and illicit brands | |
| Substitution/refill | Sum of total consumption of alcoholic beverages x % of illicit alcohol share per type of beverage x % share of substitution/refill in overall illicit alcohol = Total substitution/refill market size Conversion to LAE = substituted/refilled spirits market size x % pure alcohol + substituted/refilled wine market size x % pure alcohol + substituted/refilled beer market size x % pure alcohol |
| Industrial manufacturing of illicit/unbranded | Sum of total consumption of alcoholic beverages x % of illicit alcohol share per type of beverage x % share of industrial manufacturing of illicit/unbranded in overall illicit alcohol = Total industrial manufacturing of illicit/unbranded market size Conversion to LAE = manufactured illicit spirits market size x % pure alcohol |
| Smuggling | |
| Smuggling of ethanol | Sum of total consumption of alcoholic beverages x % of illicit alcohol share per type of beverage x % share of smuggling of ethanol in overall illicit alcohol = Total smuggling of ethanol market size Conversion to LAE = smuggled spirits market size x % pure alcohol |
| Smuggling of the finished product | Sum of total consumption of alcoholic beverages x % of illicit alcohol share per type of beverage x % share of smuggling of the finished products in overall illicit alcohol = Total smuggling of the finished products market size Conversion to LAE = smuggled spirits market size x % pure alcohol + smuggled wine market size x % pure alcohol |
| Illicit artisanal alcohol | |
| Illicit artisanal alcohol | Sum of total consumption of alcoholic beverages x % of illicit alcohol share per type of beverage x % share of illicit artisanal alcohol in overall illicit alcohol = Total illicit artisanal alcohol market size Conversion to LAE = illicit artisanal spirits market size x % pure alcohol + illicit artisanal wine market size x % pure alcohol |
| Surrogate | |
| Surrogate | Number of homeless x share of homeless consuming surrogate x average consumption of surrogate per person per year = Total surrogate market size Conversion to LAE = surrogate market size x % pure alcohol in surrogate |
| Tax leakage | |
| Tax leakage | Sum of total consumption of alcoholic beverages x % of illicit alcohol share per type of beverage x % share of tax leakage in overall illicit alcohol = Total tax leakage market size Conversion to LAE = tax leakage beer market size x % pure alcohol + tax leakage wine market size x % pure alcohol |

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Alcoholic beverages market size 2014



1,306,641 HL, LAE

TOTAL ALCOHOL MARKET VOLUME

1,213,361 HL, LAE

TOTAL LICIT ALCOHOL MARKET VOLUME

93,280 HL, LAE

TOTAL ILLICIT ALCOHOL MARKET VOLUME

5,687 US\$, mn

TOTAL LICIT ALCOHOL MARKET VALUE RSP

267 US\$, mn

TOTAL ILLICIT ALCOHOL MARKET VALUE IN ILLICIT RSP

99 US\$, mn

TOTAL FISCAL LOSS



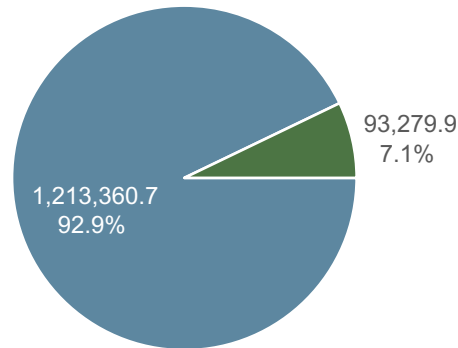
KEY FINDINGS

- **The methanol incident in 2012** followed by strict government control actions resulted in a **decline of illicit spirits on the market** in the Czech Republic. On the other hand, **wine industry**, which is controlled to a lesser degree according to market players, **registered significant growth in terms of illicit activities**. **The illicit beer market remained insignificant** due to the wide availability and relatively low prices for licit products. In addition, local manufacturers are able to meet consumers' high demand on taste and quality.
- **Despite a small price gap between licit and illicit alcohol, price is still the main driver for the purchase of illicit alcohol**, especially consumers with relatively low disposable income. In addition, customers are usually not aware that the alcohol is not licit.
- **The main benefit for producers involved in illicit alcohol production is avoiding the need to pay taxes.**
- More government efforts in combating this and stricter controls such as **more frequent checks**, requiring **daily notifications of alcoholic beverages production amount** and **installation of cameras in manufacturing facilities** have **created a positive effect on the alcohol market** in the Czech Republic.

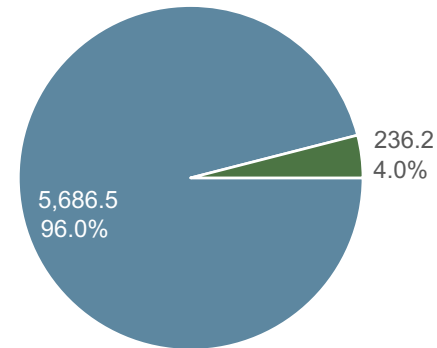
Total alcoholic beverages market in 2014

The illicit market represented 7.1% of the total alcoholic beverages market in LAE terms in 2014

Alcoholic Beverages Market (LAE) 2014




Alcoholic Beverages Market (US\$ million) 2014




■ Licit Market ■ Illicit Market

- In 2014, the total alcoholic beverages market in the Czech Republic was 1,306,640hl (LAE) in volume terms and US\$5,922.7million in value terms. 1.9% in LAE volume terms of total licit market is attributed to licit artisanal alcohol production.
- Illicit alcoholic beverages accounted for 7.1% of the total market in LAE volume terms in 2014 and 4.0% in value terms, while the licit market represented the remaining 92.9% and 95.9%, respectively.
- Market players believe the illicit alcohol market is declining due to high activity from regulatory bodies and more frequent checks, stricter controls such as daily notifications of alcohol amount produced and cameras in manufacturing facilities. New legislation on compulsory registration of retailers and distributors as well as new producers' license depending on production volumes.
- Restrictions on packaging such as only one bottle of a particular brand to be opened in foodservice and glass bottles of only 1litre permitted in foodservice are believed not to influence illicit alcohol especially those products sold on tap or in PET bottles.
- Moreover, larger organised groups producing illicit alcohol were prosecuted and the illicit alcohol market moved to smaller dealers and producers and as a result became more fragmented.
- Moreover, consumers are becoming more knowledgeable and more careful about what they buy, leading to lower demand.


Key trends in illicit alcohol industry over the next 2-3 years




- After the methanol affair in 2012, the implementation of tighter controls including more frequent checks in retail and restaurants have diminished the illicit spirits market and this is expected to be sustained in the future. Further decline is not expected due to the development of new distribution channels and many small crime groups in replacement of big ones.




- Affair in 2012 widely communicated by the media has resulted in customers more aware and cautious when purchasing alcoholic beverages. As a result, consumers shifted to large producers with well-known brands. Customers' trust in smaller producers was impacted and as a result the demand for unknown is expected to decline and, as a result potential illicit alcohol.




- Artisanal production in licensed distilleries is expected to grow as consumers increasingly switch from home production to official distillers. Simultaneously, illicit artisanal is expected to increase as producers aim to benefit from ½ taxes producing additional volumes using 'fake' household information which is not controlled.



- Illicit spirits in foodservice, mainly pubs, is expected to decline. Implemented regulation that allows only one opened bottle per brand as well as maximum glass bottle volume of 3 litres is expected to constrain the development of substitution/refill category and lead to a slight decline over the next 2-3 years.



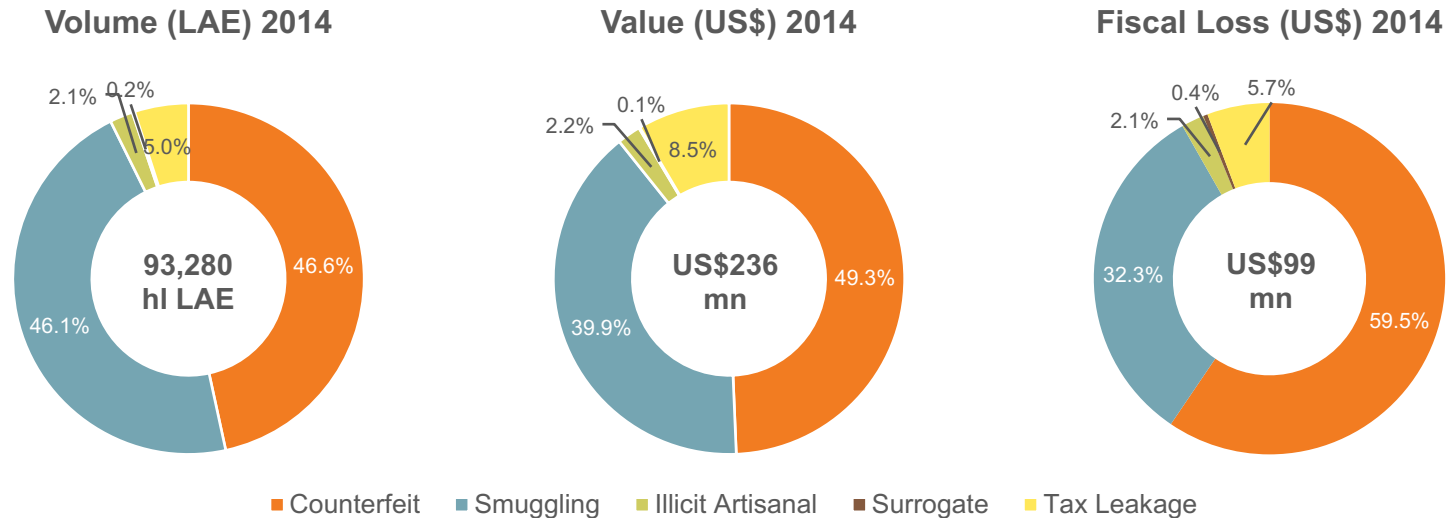
- Illicit wine is growing fast and is expected to increase further over the next 2-3 years due to complicated and bureaucratic legislations which are weakly controlled by governmental bodies. Opportunity to gain profit with 300-400% margins by VAT avoidance and selling smuggled wine as Moravian has attracts new illicit producers and distributors.



- Illicit beer is estimated to remain negligible in the Czech Republic. However, with a growing number of microbreweries avoiding taxes it is expected to have slightly growing trend. Nevertheless, due to very small share in the total volume and value of the market the impact on the market will be insignificant.

Illicit alcoholic beverages market in 2014

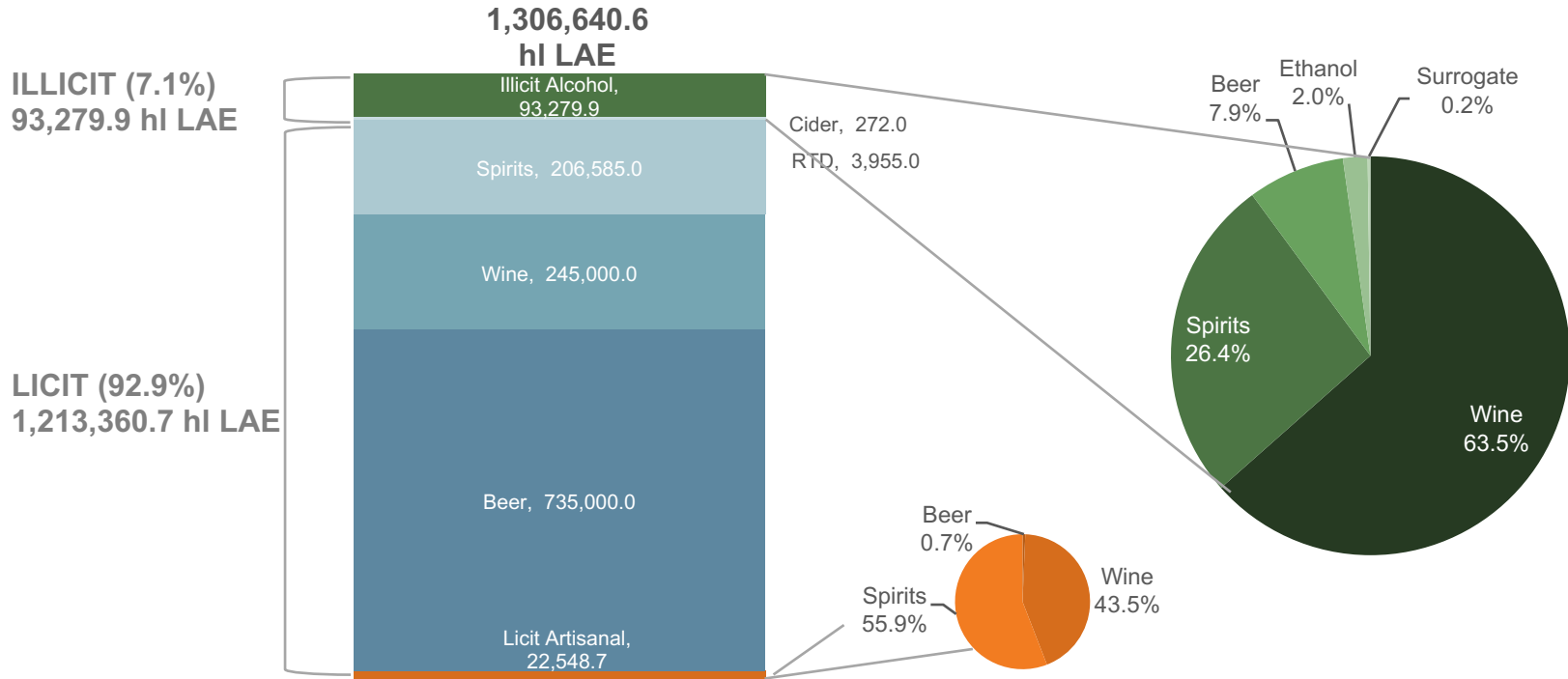
Counterfeit and smuggling are main problems in the Czech Republic



- In 2014, the size of the **illicit alcohol beverages market was 93,280hl (LAE) in volume terms** and US\$236 million in value terms.
- **Counterfeit and smuggling were the most common illicit activities** found in the Czech Republic accounting together for 92.7% in volume and 89.2% in value of total illicit alcohol beverages market.
- **Tax leakage was the third largest category** accounting for 5% in volume terms and 8.5% in value terms.
- **Illicit artisanal alcohol has a relatively minor presence with just over 2% of both volume and value sales.**
- **Surrogates represented a negligible share** in the Czech Republic in 2014, with **0.2% in volume terms** and **0.1% in value terms**.
- The **largest category in terms of fiscal loss was counterfeit, representing 59.5% in value terms**, followed by 32.3% from smuggling.
- **Lower price is the main driver for consumers to purchase illicit alcohol**, especially for those who have relatively low disposable income.
- **High taxes are also a key factor behind producers** becoming involved in illicit alcohol production. Moreover, illicit ownership of distillery equipment is only penalised with administrative prosecution in the Czech Republic while production is difficult to be proved in order to accuse of law violation.

Composition of alcohol market in volume terms by type of beverage

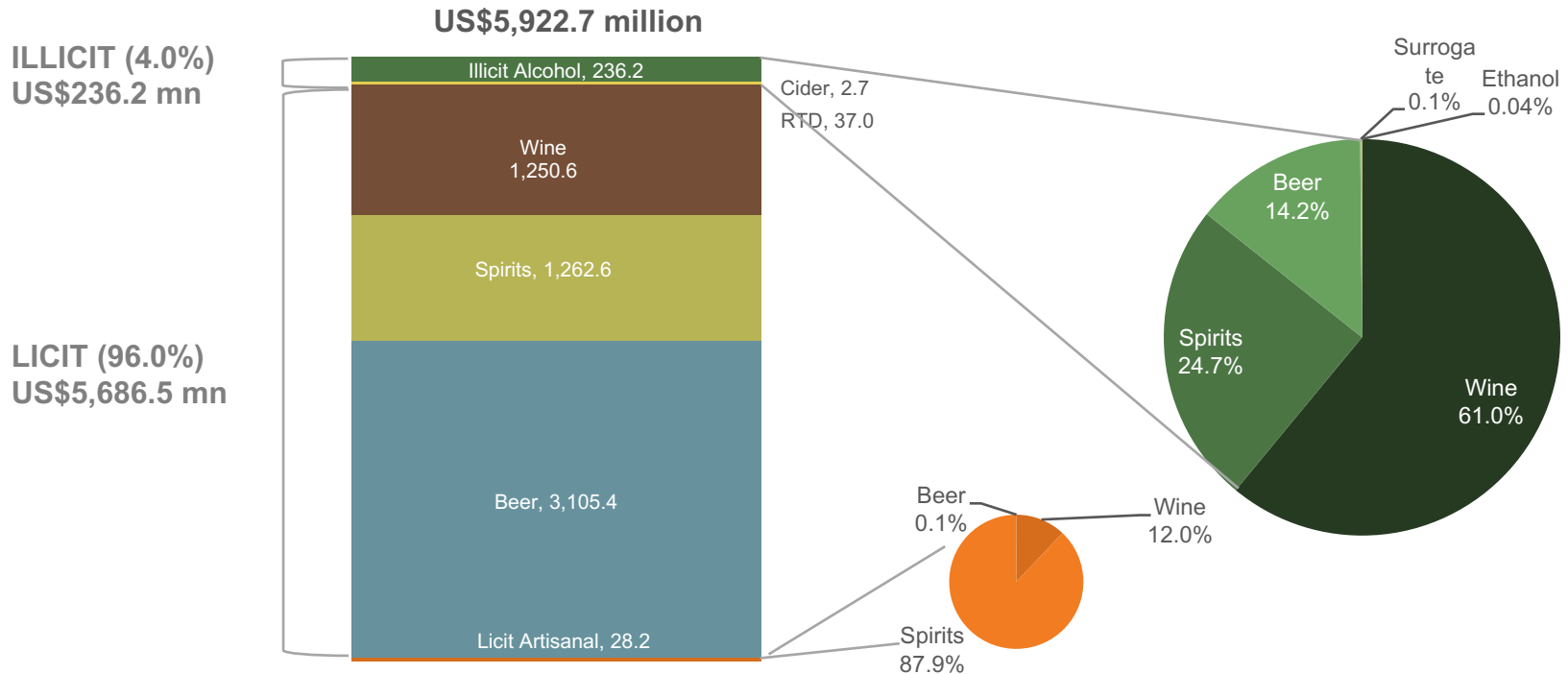
The illicit alcoholic beverages market was driven by illicit wine in 2014 in the Czech Republic



- In the Czech Republic, **beer dominates the licit alcoholic beverages market with 60.6% in LAE volume terms** in 2014, followed by wine with 20.2% and spirits with 17.4%. **Licit artisanal alcohol made 1.9% in LAE** of the total licit alcohol market in 2014.
- Wine accounted for the majority share of 63.5% of the illicit alcohol market in LAE volume terms, mainly due to the **significant growth of illicit wine** over 2010-2014.
- At the same time, market experts believe the **illicit spirits market declined** following the methanol incident in 2010 and **accounted for 26.4% in 2014**. Beer remained the least affected constituting just 7.9% of the illicit alcoholic beverages market.
- **Smuggling of ethanol together with surrogate consumption accounted for a combined 2% in LAE volume terms** with 2.0% and 0.2% shares, respectively, in 2014.

Composition of alcohol market in value terms by type of beverage

Beer dominated licit market value accounting for half of the Czech alcohol market in 2014

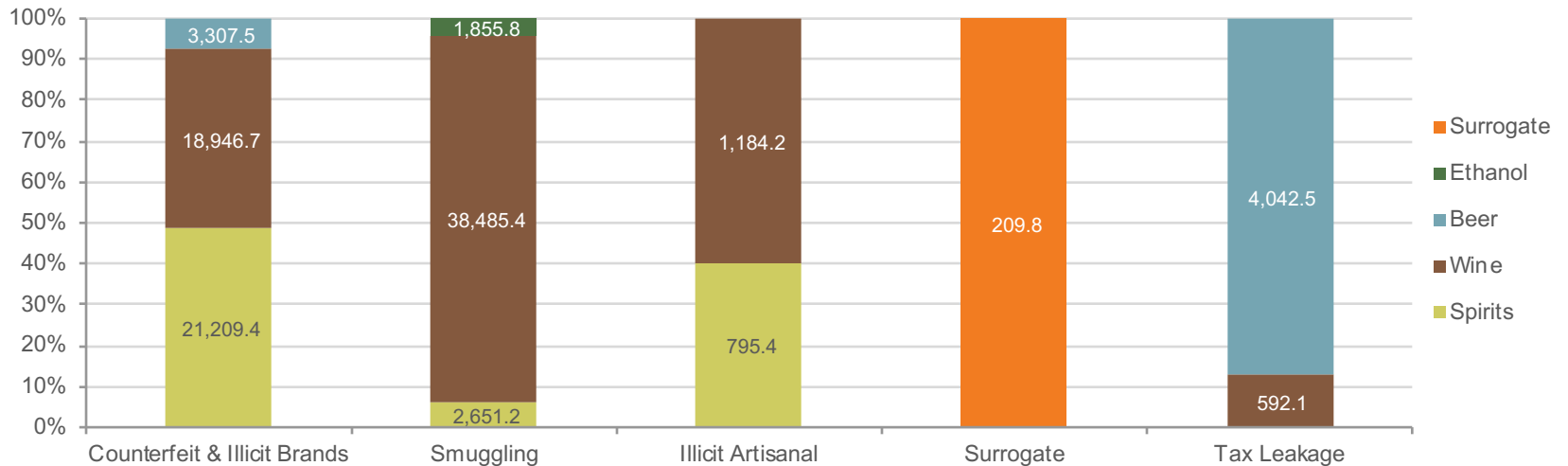


- In value terms, **beer held the majority of the licit alcohol market in 2014 with 54.6%**, followed by spirits (22.9%) and wine (22.0%). **Licit artisanal alcohol market made 0.5% in value terms** in 2014 in the Czech Republic.
- In the illicit alcohol market **wine dominated with 61.0% in value terms in 2014** while **beer was a small category holding 14.2%**. **Spirits accounted for 24.7% in 2014** and the remaining negligible **0.15% combined share** was taken by ethanol and surrogate.
- In 2014, **wine dominated the illicit alcohol market with smuggling holding a clear lead with 61.6%** in value terms followed by substitution/refill with 35.4%, and minor shares for illicit artisanal (1.9%) and tax leakage (1.1%).
- In spirits, **vodka and rum were key products with the leading category of industrial manufacturing holding 59.9% in value terms**, followed by substitution/refill with 26.6%. Smuggling held 9.3% and just 4.1% was attributed to illicit artisanal production in 2014.

Composition of market volume - fermented vs spirits

Wine dominated across biggest illicit alcoholic beverages categories in 2014

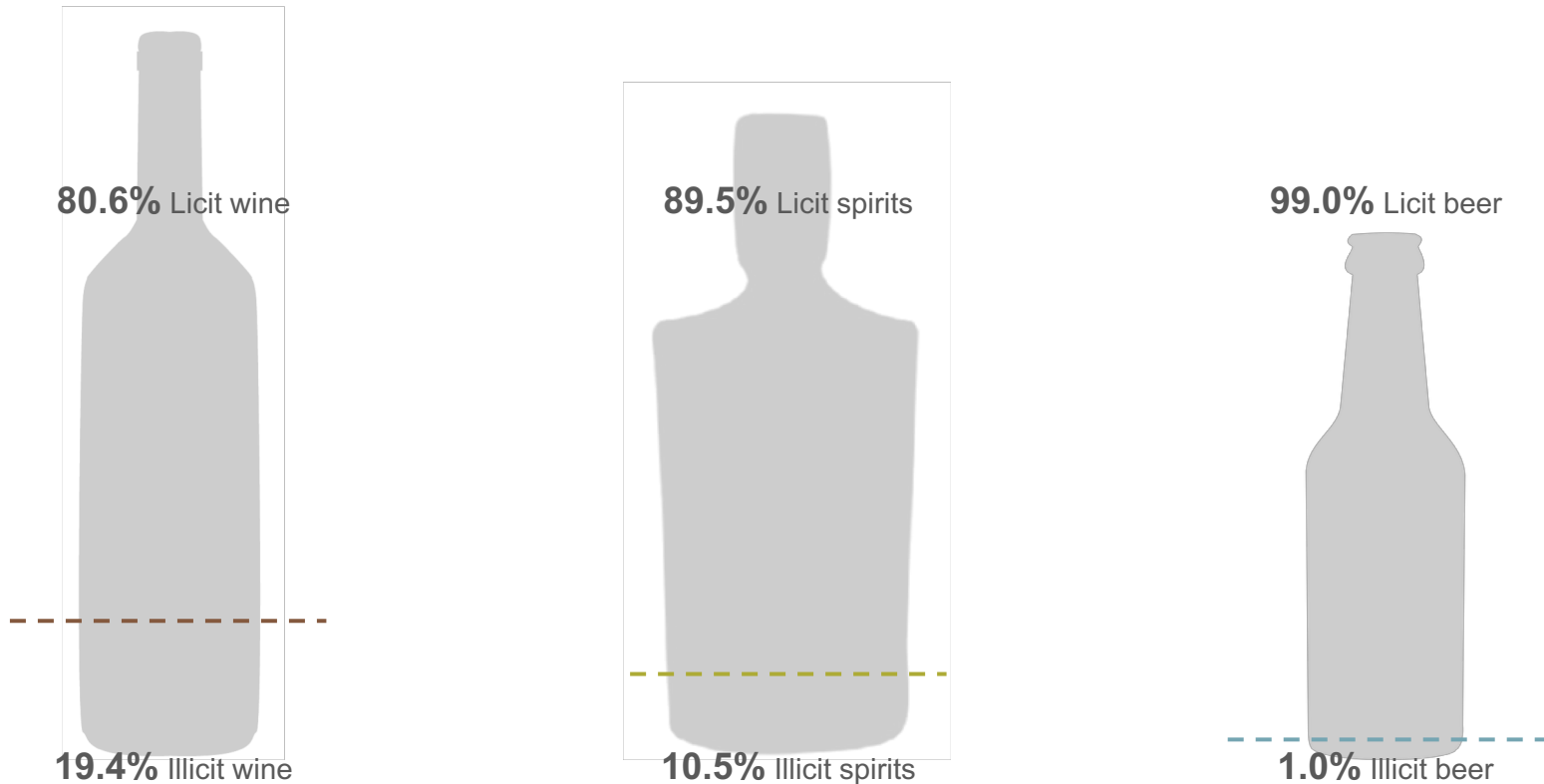
Illicit Alcohol Market by Alcohol Type (LAE) 2014



- **Counterfeit and illicit brands:** Fermented drinks covered 51.2% of counterfeit and spirits 48.8%. Shares were mainly attributed to the **substitution of wine (43.6%)** and **industrial manufacturing of spirits (36.6%)**. **Beer accounted for 7.6%, mainly refilling** of kegs by distributors with cheaper beer.
- **Smuggling:** **Wine dominated smuggling with an 89.5% share in LAE volume terms** due to the growing popularity of smuggling cheap wine and selling it as local Moravian wine. Illicit **spirits** are mainly produced locally and **imported illicit volumes accounted for 6.2%**. Smuggling of **ethanol accounted for 4.3% in 2014**. There was **no smuggling of beer** in 2014 in the Czech Republic.
- **Illicit artisanal:** **Wine accounted for 59.8% of illicit artisanal**, while **spirits accounted for the remaining 40.2%**. Both are mainly concentrated in South Moravia where homemade production is a cultural norm. Illicit artisanal beer production was non-existent in 2014.
- **Surrogate:** **Limited to mainly two drinks** - medical liquid for health problems and window cleaner consumed as alternative to spirits.
- **Tax leakage:** Small breweries and wineries benefit from poor government control and report lower production with **beer and wine holding 87.2% and 12.8% shares, respectively, in 2014**.

Composition of market volume by beverage – licit vs illicit

Share of illicit alcohol in the Czech Republic is 7.1% in volume terms



65.0% - smuggling

32.0% - substitution/refill

2.0% - illicit artisanal

1.0% - tax leakage

64.5% - industrial manufacturing

21.5% - substitution/refill

10.8% - smuggling

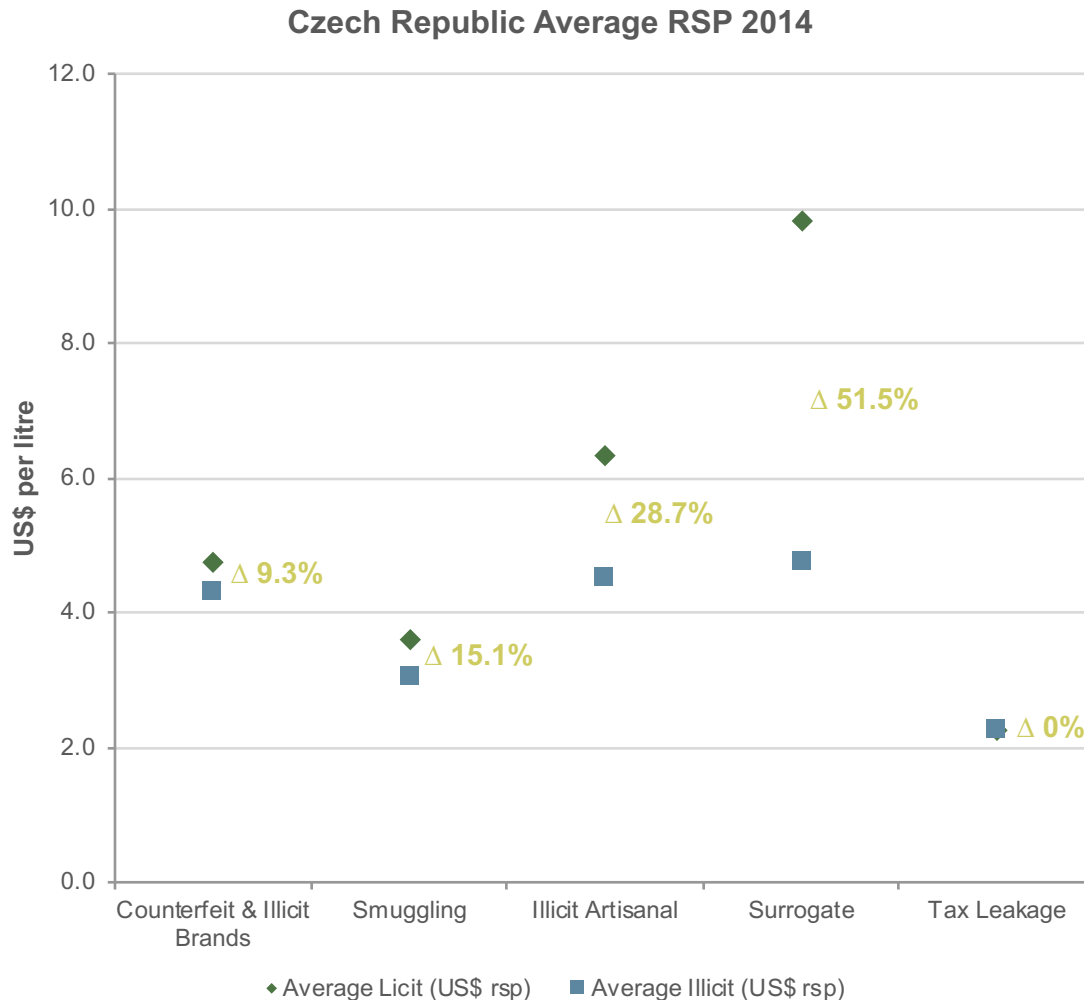
3.2% - illicit artisanal

55.0% - tax leakage

45.0% - substitution/refill

Average price by category

Prices across counterfeit and smuggling categories differ by approximately 10%

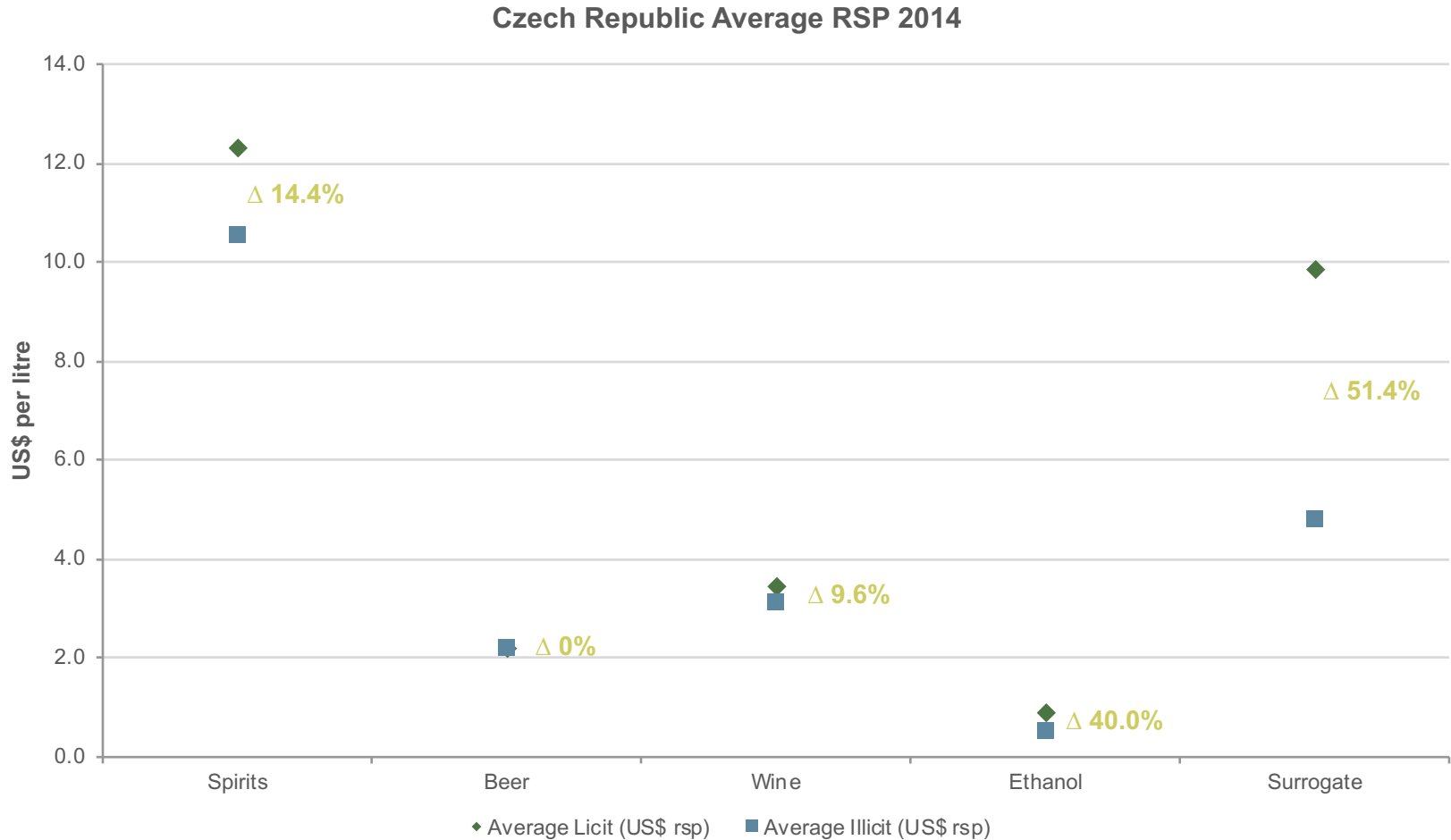


- **Counterfeit and illicit brands:** Alcoholic beverage prices varied by **9.1%** as restaurants and bars set prices at similar levels or only slightly lower than licit prices in order not to raise consumers' suspicions.
- **Smuggling:** Smuggled product prices varied by **15.4%**. Mainly low-end wine and spirits are sold at cheaper prices targeting specific consumer groups.
- **Illicit artisanal:** The difference between illicit artisanal alcohol and licit alcohol prices in retail reached **28.5%**, mainly due to spirits produced at home and as a result of excise tax and VAT avoidance.
- **Surrogate:** Most popular surrogate drinks are cheap alternatives free of excise tax and consequently the price variation reached **51.4%**; the most significant across all categories.
- **Tax leakage:** The price of unrecorded volumes was set at the licit retail selling price where only producers or retailers including horeca benefited from tax avoidance.

Note: Both licit and illicit prices represent weighted average. Licit surrogate price is the average of budget vodka from store audits, while licit counterfeit & illicit brands price is the average of most popular alcoholic beverages from store audits.

Average price by alcoholic beverage

Among alcoholic beverages prices spirits prices are highest and differ the most



Note: Both licit and illicit prices represent weighted average. Licit surrogate price is the average of budget vodka from store audits. Both licit and illicit ethanol prices are as per Czech Statistical Office.

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Counterfeit and illicit brands - key facts

Substitution/refill led in counterfeit and illicit brands category with 63.3% in 2014

Relevance

- Counterfeit accounted for 46.6% of the illicit alcohol market in the Czech Republic in 2014.
- Most counterfeit is refill and industrial manufacturing of spirits and substitution of wine.

Beverages and brands

- Cheap wine or wine produced from concentrates offered as tap wine in bars and kiosks in PET bottles of 1,5 liter without any label. In substitution/refill, wine is most common offered in glass bottles of 0.75 liter and 1 liter with printed labels stating that the origin of wine is Moravian region.
- Famous brands of rum and vodka are also targets of substitution/refill, mainly due to their popularity in the mass market. Used original glass bottles are refilled directly in the pubs, bars and restaurants. Beer remains least impacted and volumes refer to refilling of kegs from well-known brands with cheaper beer.

Where

- In terms of wine, substitution happens in both foodservice (wine bars, pubs and restaurants) and retail (street kiosks and occasionally in larger retail chains). Refilled and industrially manufactured spirits are common only via on-trade in street kiosks. Cheap brands or illicit alcohol are used for refill and sold using stolen or falsified tax stamps and labels.
- Beer keg refilling is done across supply chain and sold generally in pubs.

Drivers

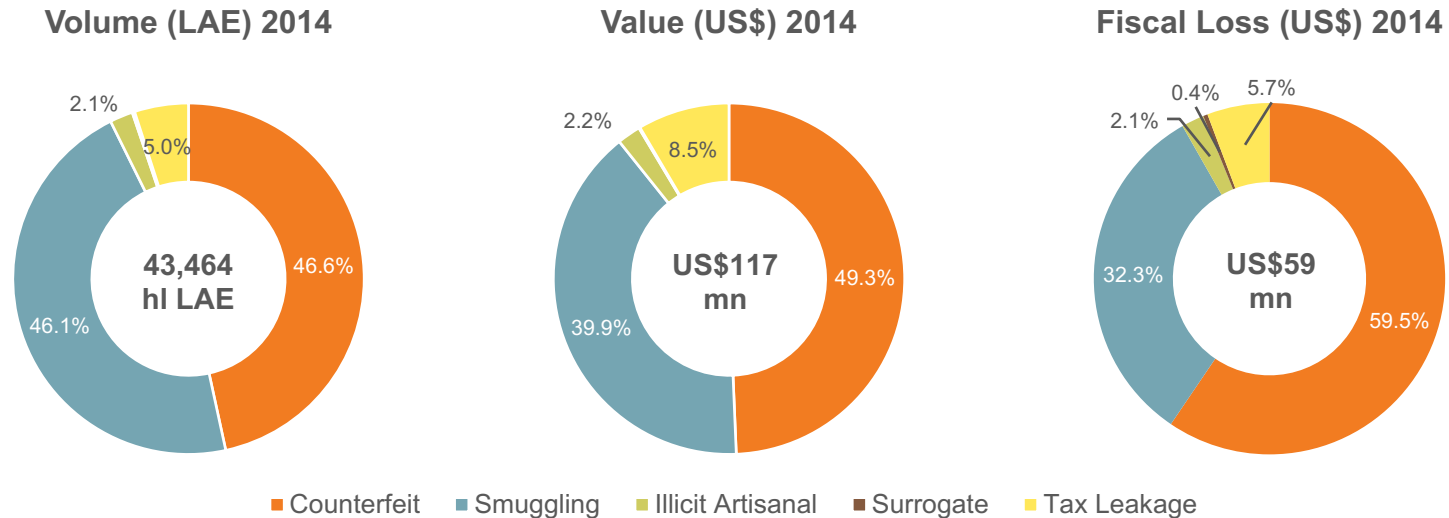
- High excise taxes on spirits create space for high profit.
- Consumers preferring price over quality are often aware of buying illicit spirits.
- Wine is poorly controlled by the state due to zero excise tax application.
- New legislation regarding spirits packaging size of up to 1 liter and only 1 bottle unit opened in horeca as well as compulsory cashiers it is expected that substitution/refill will decline in on-trade.

Effects

- Unfair competition for licit producers as well as negative effects on sales and image of famous brands.
- Health risks in terms of industrial manufacturing such as the methanol incident in 2012 when 47 people died.
- Implementation of new legislation after methanol incident affecting mainly licit producers of spirits.
- Fiscal loss.

Counterfeit and illicit brands - market size

Counterfeit is the largest category in both volume and value terms



- **Counterfeit and illicit brands was the largest category with a 46.6% share in LAE volume terms and with a 49.3% share in value terms in the Czech Republic in 2014.**
- Within counterfeit and illicit brands, **substitution/refill represented 63.4% of the category in volume terms** and industrial production for the remaining 36.6% in 2014. Within substitution/refill, expensive brands are usually refilled with cheap alcoholic beverages.
- The **category was driven by illicit spirits accounting for 48.8%** and wine (43.6%) in LAE volume terms. Beer refill amounted to 7.6% only. Distributors usually refill kegs of famous brands with cheaper alcohol which is later sold in foodservice. Illicit wine is mixed with licit wine and sold in small stores or wine bars. Wine producers believe that 60% of illicit wine comes from bottles and the rest sold as wine on tap.
- Counterfeit and illicit brands are sold in kiosks or convenience stores where they are mixed with licit in order to be less noticeable.
- **Counterfeit and illicit brands dominated the fiscal loss**, which was estimated at US\$59 million in 2014.
- The category **affects both tax leakage** as sales are not registered **as well as negatively impacts trade mark rights**.
- Some share of **counterfeit and illicit brands is produced from illicitly imported methanol** as there is no local production.

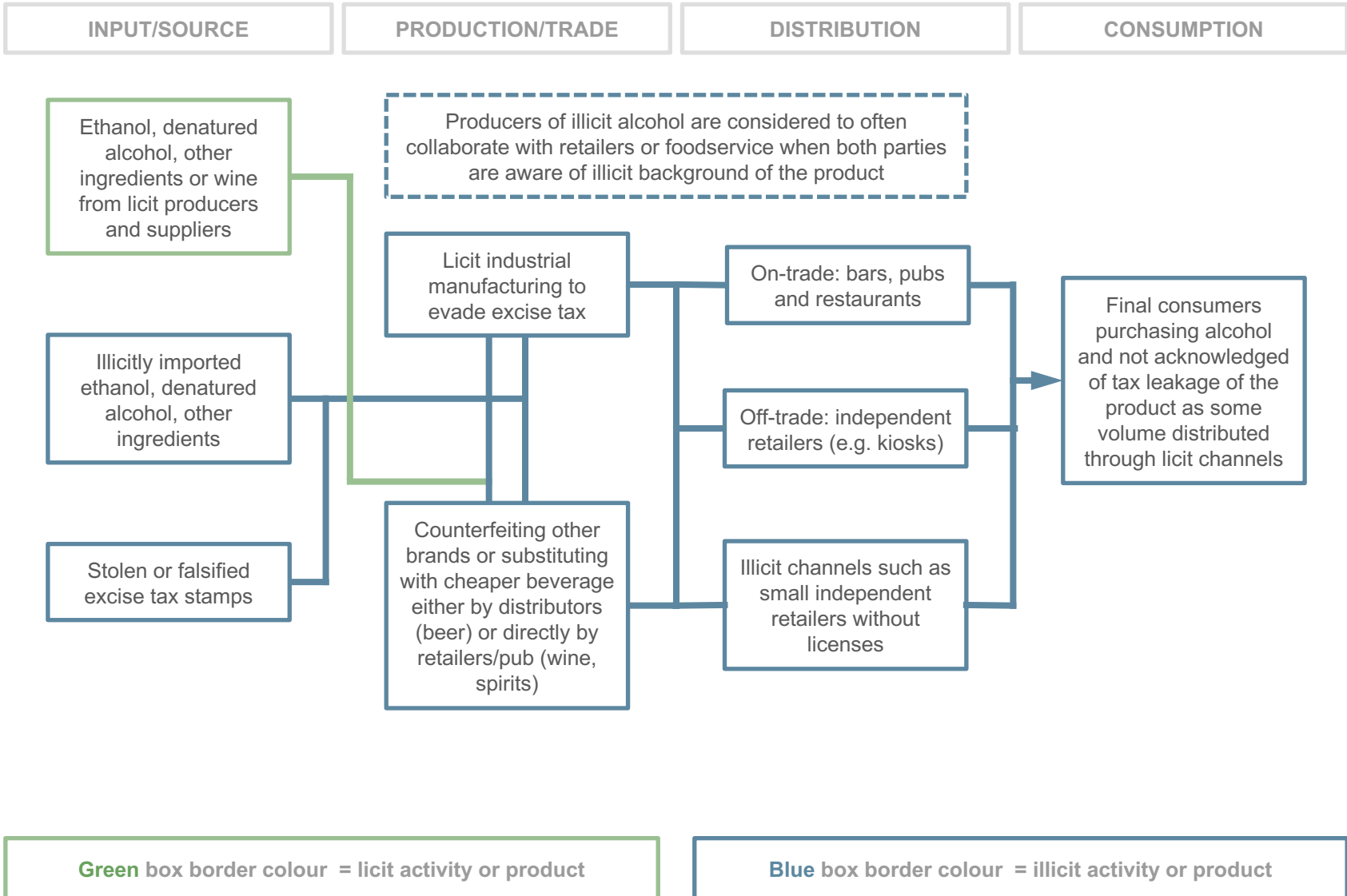
Counterfeit and illicit brands - fiscal loss

Counterfeit and illicit brands represents the majority of 60% of the fiscal loss from the illicit alcohol market



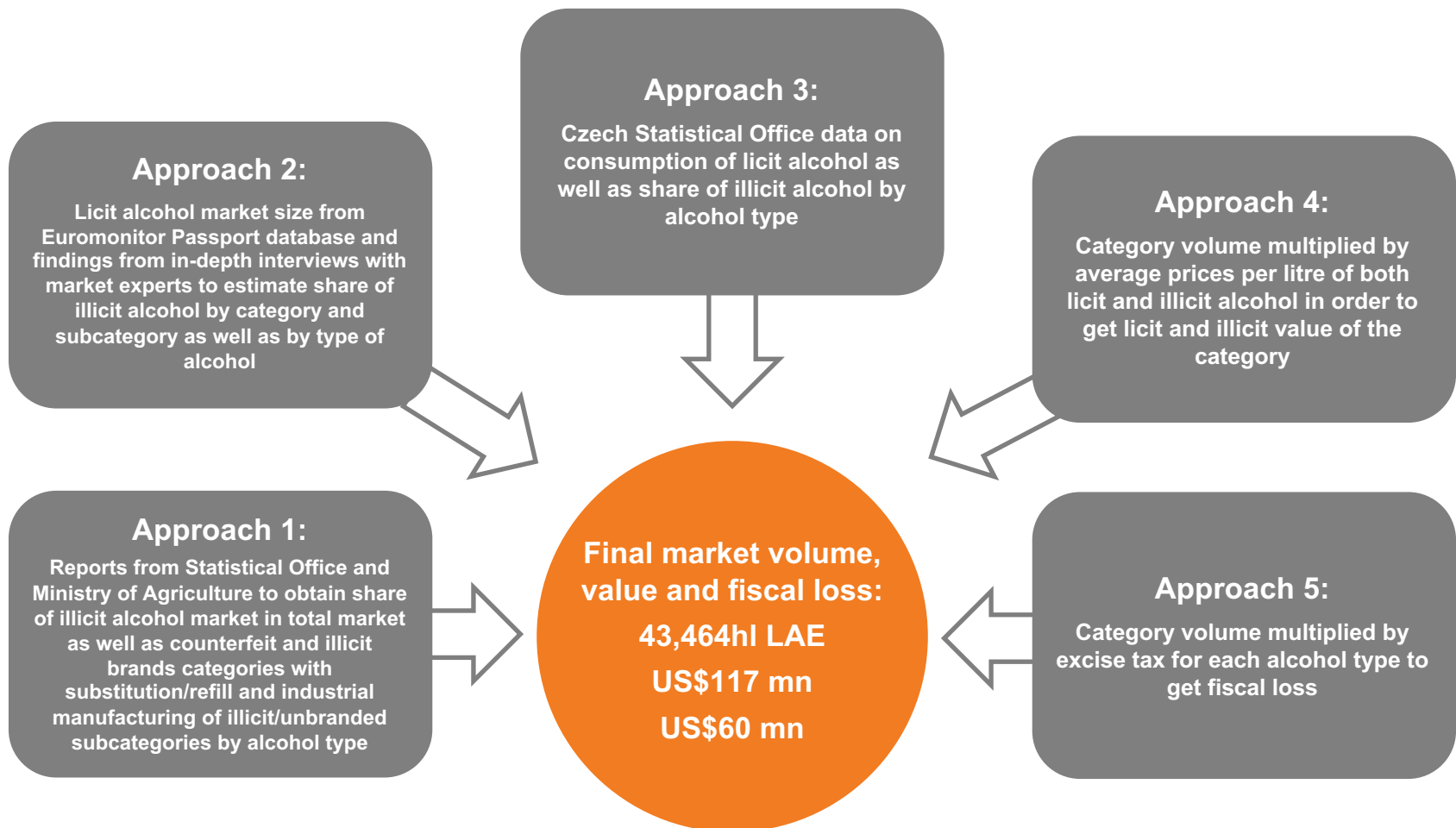
- Alcoholic beverages produced or counterfeited in this category evade the following excise taxes:
 - The **excise tax for spirits was CZK28,500** per hl LAE in 2014.
 - The **excise tax for sparkling and port wine was CZK2,340** per hl in 2014, there is no excise tax on regular wine.
 - The **basic excise tax for beer was CZK32** per each grade of wort in hl. Microbreweries and small breweries with production lower than 200,000hl per year benefited from lower rates ranging from CZK16 to CZK28.80 per each grade of wort in hl.
- Suppliers of counterfeit and illicit brands are also evading payment 21% VAT.
- The **most common alcohol beverages in counterfeit are spirits (vodka and rum)** with an alcohol content of 40% reaching total volumes of 21,209hl LAE. The most common fermented beverage in the category is wine with a volume of 18,947hl LAE, while beer amounted to just 3,308hl LAE.
- The total **fiscal loss from counterfeit and illicit brands in 2014 was estimated at US\$59 million.**

Counterfeit and illicit brands - value chain



Counterfeit and illicit brands - methodology

Both secondary and primary sources used to calculate final market size



Smuggling - key facts

Smuggling of wine is driving the category

Relevance

- Smuggling was the most common illicit activity with a 46.1% share in LAE volume terms in 2014.
- Smuggling of finished products mainly wine and spirits accounted for 95.7%, with pure ethanol only 4.3%.
- Open borders with neighbouring countries make smuggling easy as customs checks are carried out randomly.

Beverages and brands

- Most common products are wine and wine concentrates of poor quality from Spain, Serbia and Moldavia sold as tap wine in PET bottles of 1.5 litre (on-trade) or in glass bottles of 0.75 or 1 litre (off-trade).
- Rum and vodka are most popular among spirits due to highest demand in the market. They are packed in PET and glass bottles per 1 litre used for refill in pubs, restaurants and bars.
- Most affected are all local Moravian wineries as well as well-known brands of rum and vodka.
- Smuggling of beer to the Czech Republic is not profitably efficient and as a result is accounted to be non-existent or negligible.

Where

- Smuggled wine is sold directly in both foodservice (wine bars, pubs and restaurants) and retail (street kiosks, small convenience stores and occasionally in larger retail chains).
- Smuggled spirits are mainly sold in retail such as kiosks and small corner shops.

Drivers

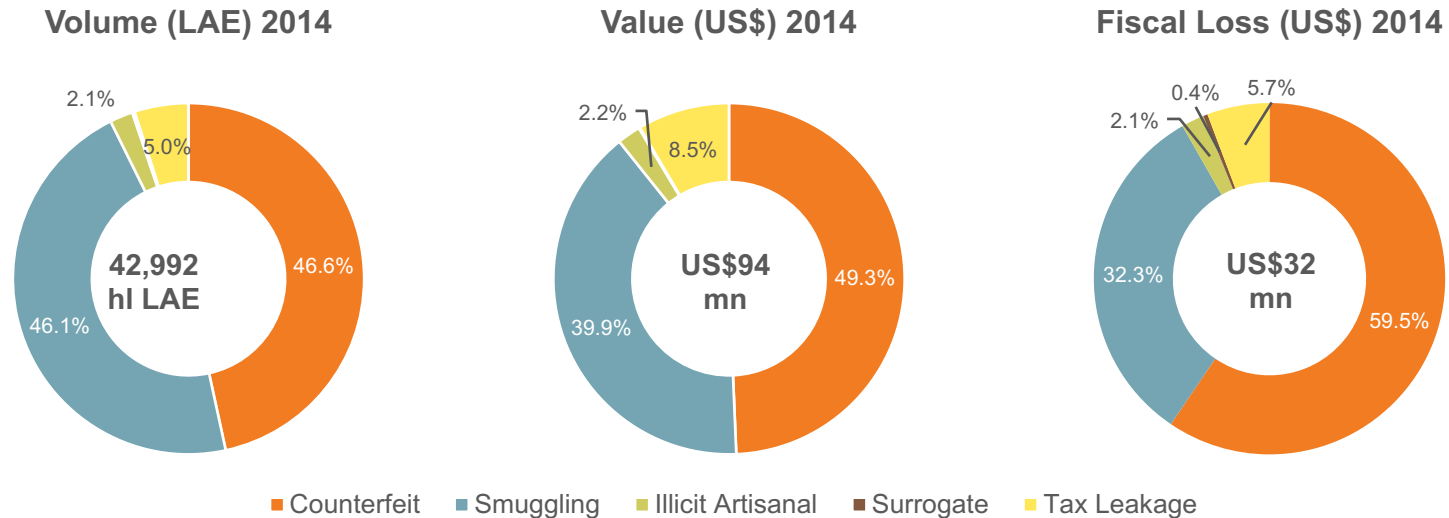
- High excise taxes on spirits create space for high profit.
- Consumers preferring price over quality are often aware of buying illicit spirits.
- Wine is poorly controlled by the state due to the lack of any excise tax but it is expected that control will be enhanced in 2015 by Ministry of Agriculture and Customs office.
- Insufficient control of smuggling over borders as the Czech Republic belongs to the Schengen Area.

Effects

- Effects market share and sales of local Moravian wine producers as well as producers and importers of spirits.
- Fiscal loss.

Smuggling - market size

Smuggling is the second largest category in both volume and value terms



- **Smuggling accounted for a similar share as counterfeit with 46.1% in LAE volume terms and 39.9% in value terms in 2014**
- **Wine dominated smuggling** with an 89.5% share, while spirits represented 6.2% and pure ethanol 4.3% in LAE volume terms. Illicit ethanol comes mainly from Italy and Slovakia for further use in alcohol production.
- There is **no beer smuggled to the Czech Republic** as retail prices and excise tax are relatively low and smuggling is not viable. Moreover, low demand for foreign beer, as Czech consumers prefer local beer brands, limits smuggling of beer.
- In terms of fiscal loss, **smuggling accounted for 32.3% in 2014**. The lower value compared to counterfeit is impacted by the fact that the majority of smuggled alcoholic drinks is wine, upon which excise tax is not applied.
- **Smuggling is the key category for illicit wine** which is further processed as locally-produced Moravian wine. It can also be purchased with benefit as produced for export from other European countries and also later be packed as Moravian wine.
- Some share of wine is also **produced locally from undeclared ingredients** from Moldova, Romania, Serbia and Spain.

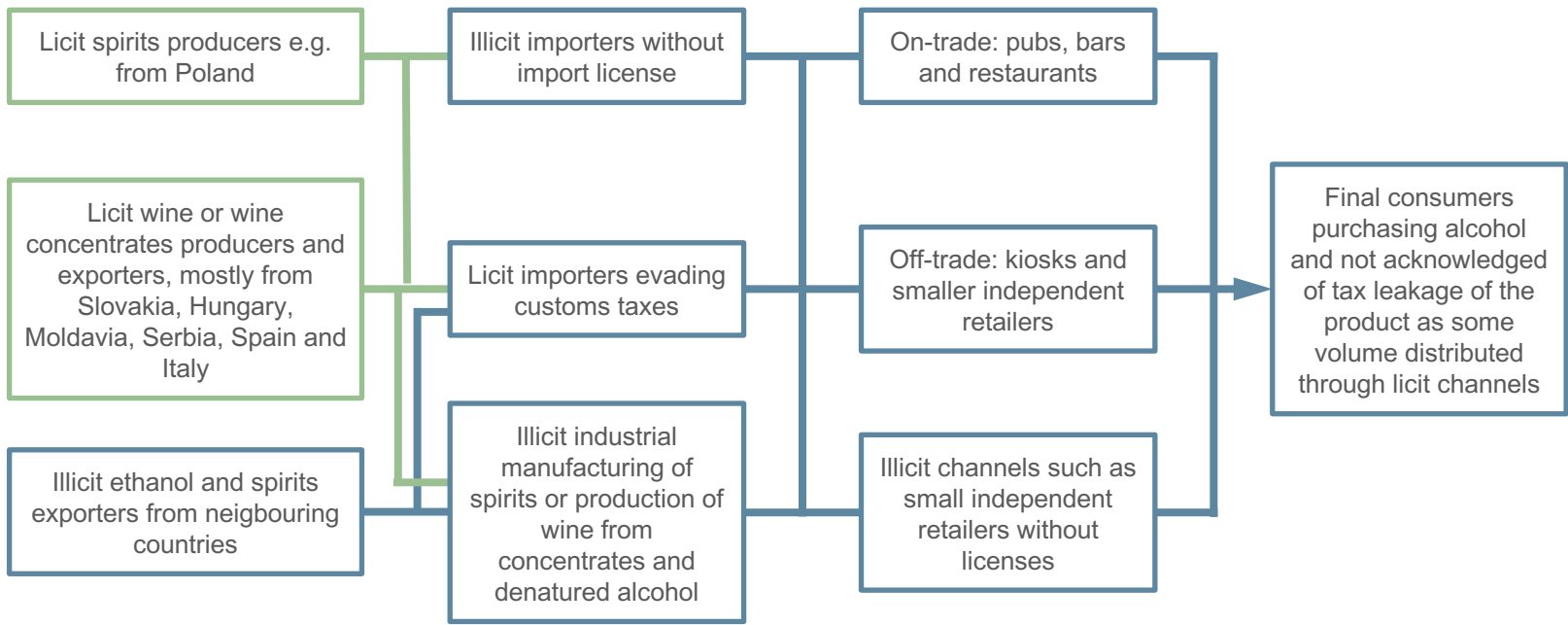
Smuggling - fiscal loss

Smuggling represents 32% of the fiscal loss from the illicit alcohol market



- Smuggling of finished products and ethanol evade the following import and excise taxes:
 - The **excise tax for spirits and ethanol was CZK28,500** per hl LAE in 2014.
 - The **excise tax for sparkling and port wine was CZK2,340** per hl in 2014; there was no excise tax on regular wine. Custom duties for wine imported from third countries followed EU common duties with a rate of €32 per hl.
- Suppliers of smuggled alcohol are also evading payment 21% VAT.
- In terms of volumes, the **most commonly smuggled alcoholic beverages are wine or wine concentrates** used for illicit wine production together amounting to 38,485hl LAE. Spirits amounted to 2,651hl LAE; vodka and rum with 40% ABV being most popular.
- The total fiscal loss from **smuggling in 2014 was estimated at US\$31.8 million.**

Smuggling - value chain

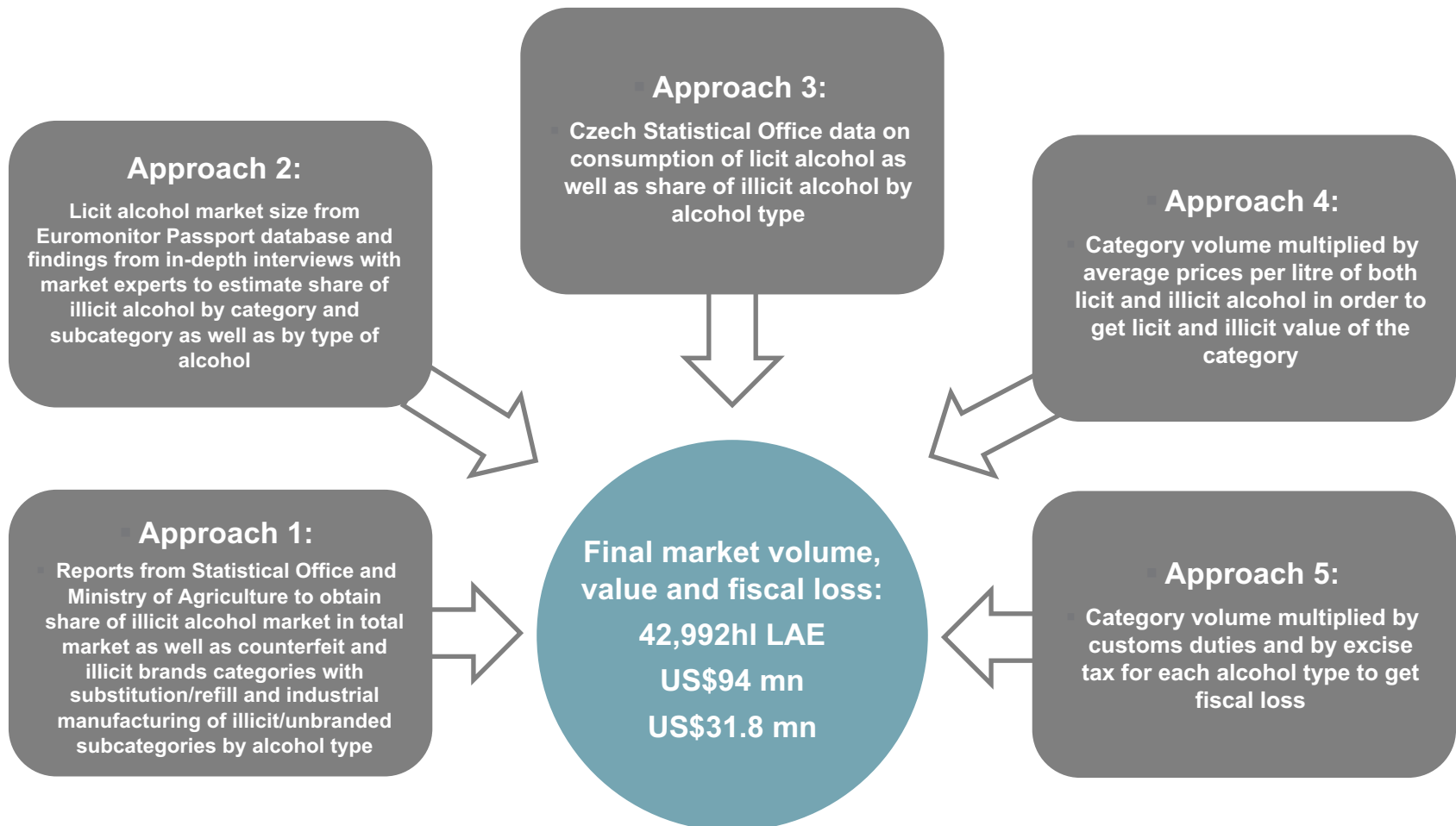


Green box border colour = licit activity or product

Blue box border colour = illicit activity or product

Smuggling - methodology

Both secondary and primary sources used to calculate final market size



Illicit artisanal - key facts

South Moravian region is the centre of illicit artisanal alcohol production

Relevance

- Illicit artisanal alcohol accounted for 2.1% of the illicit alcohol market in 2014 in the Czech Republic.
- The category comprises wine and spirits made at home, without reporting and paying taxes, and then sold on.

Beverages and brands

- The category is dominated by Moravian wine types typically produced in South Moravia. Spirits are represented by fruit-based alcoholic beverages such as slivovica (plum), meruňkovica (apricot) or hruškovica (pear). Both spirits and wine are stored in large volume glass bottles of up to 50 liters with cork or plastic lid, in plastic barrels or PET and glass bottles and are sold in plastic bottles (wine) or in glass bottles of 0.5 or 1 liter (spirits) without any label or excise stamps.

Where

- Both spirits and wine are produced in households in line with tradition, especially in South Moravia. The production is often not primarily focused on profit but rather for own use or selling at production cost to friends and relatives. Spirits are also distilled by households to use excess of the fruit harvest or when the quality of fruits is poor for direct consumption.
- Households usually use DIY equipment for spirits distillation and wine fermentation.

Drivers

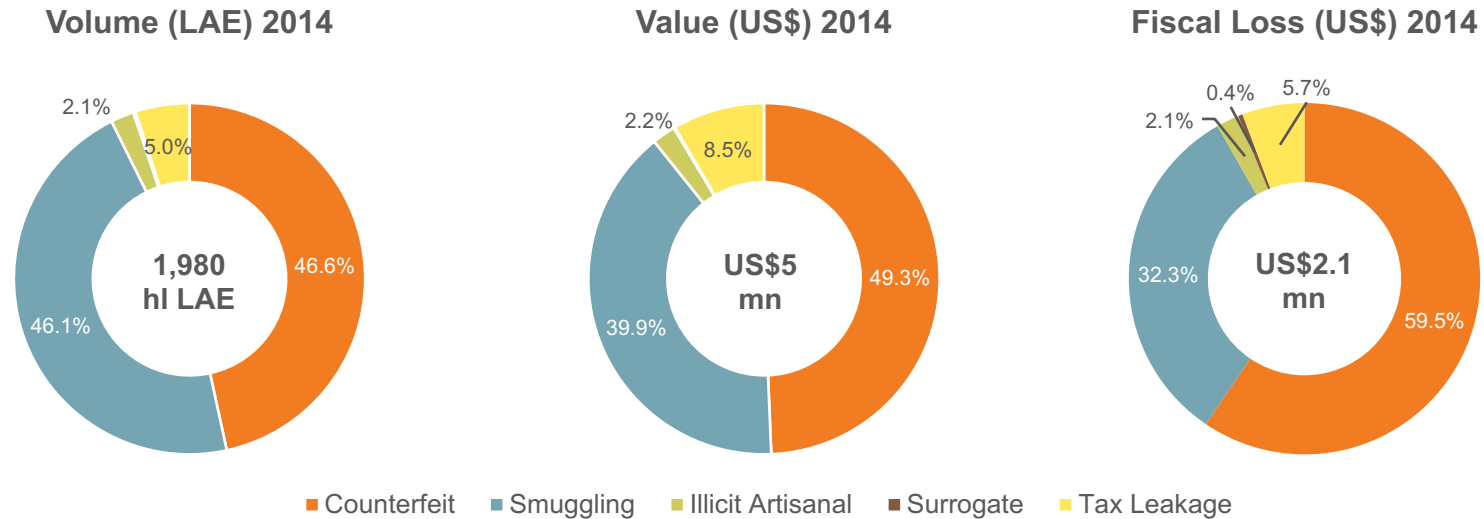
- The tradition of producing homemade spirits and wine, particularly in South Moravia, where families are proud of their high quality with no comparison to mass-market products in retail.
- High excise taxes on spirits drive home production as even the production in small licit distilleries is taxed, although at a 50% lower rate for households compared to industrial manufacturing.

Effects

- Unfair competition for licit spirits and wine producers.
- Lower sales among licit distilleries aimed at serving households with fruit distillation.
- Fiscal loss.

Illicit artisanal - market size

Illicit artisanal alcohol remains insignificant in both volume and value terms



- **Illicit artisanal alcohol accounted for a small 2.1% share in LAE volume terms** and 2.2% in value terms in 2014.
- The majority (**59.8%**) represents **illicit wine** and the remaining 40.2% spirits in LAE volume terms.
- There is **no illicit beer produced by households** due to relatively high production costs, permission to produce 200 litres of beer per household a year and relatively low prices in retail and horeca. Moreover, the complexity of the process where knowledge is required to reach acceptable quality, using the appropriate equipment and good raw materials.
- **Illicit artisanal alcohol represented only 2.1% of total fiscal loss in 2014.** This is mainly attributed to the lower excise tax applied to the production of spirits in licit distilleries for households bringing their own fruit, and also no excise tax on wine
- Furthermore, home-based production of **artisanal alcohol is believed to be in decline** as production is moving to official distillers. On the other hand, there is room for illicit production as producers need only the name and address of a household to produce alcoholic beverages, which can later be sold benefiting from the low tax applied. These alcoholic beverages have no stamps as they are produced not for sale purposes.

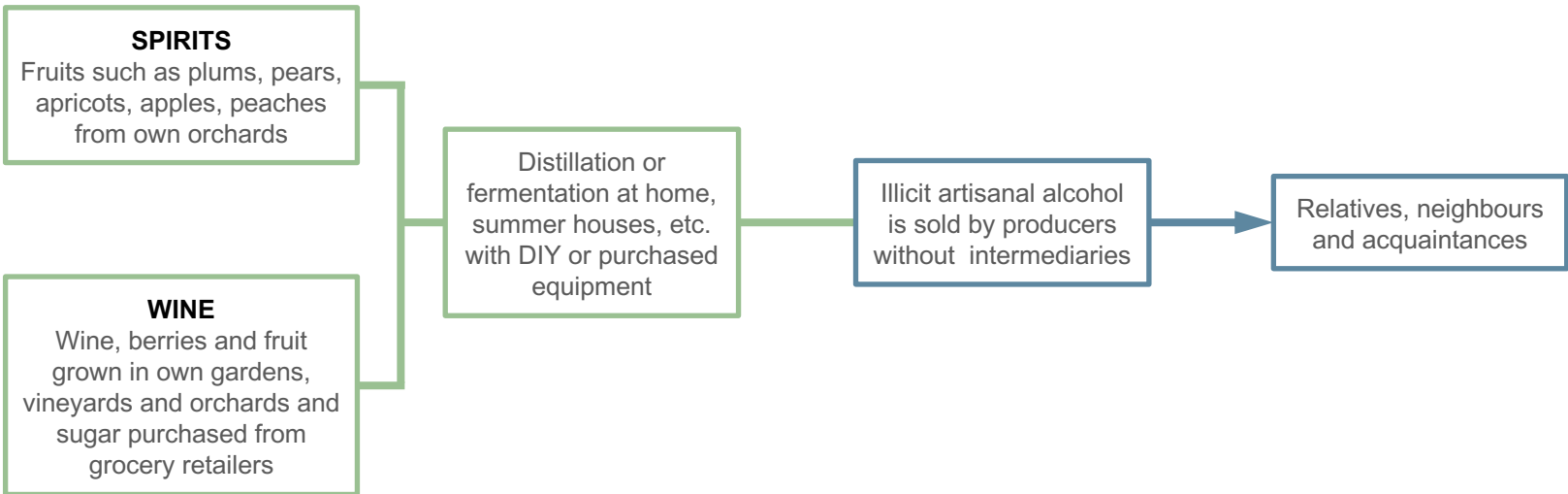
Illicit artisanal - fiscal loss

Illicit artisanal alcohol represents only 2.1% of the fiscal loss from the illicit alcohol market



- Alcoholic beverages produced or counterfeited in this category evade the following excise taxes:
 - The **excise tax for spirits was CZK28,500** per hl LAE in 2014. For households producing in licit distilleries with a maximum volume up to 30 litres in LAE terms per year per household, the **excise tax applied was CZK14,300** per hl LAE.
 - The **excise tax for sparkling and port wine was CZK2,340** per hl in 2014; there is no excise tax on regular wine.
 - The basic **excise tax for beer was CZK32** per each grade of wort in hl. Microbreweries and small breweries with production lower than 200,000hl per year benefited from lower rates ranging from CZK16 to CZK28.80 per each grade of wort in hl. Home production up to 200 litres per year was allowed without excise tax.
- Suppliers of artisanal are also evading payment 21% VAT
- Fruit-based spirits are the most common alcohol beverages in the illicit artisanal category (slivovica, meruňkovica, hruškovica) with an alcohol content ranging from 40% to 60%. In total, spirits produced at home reached 795hl LAE in 2014. In general, regular red, white and rosé wine is produced by households, amounting to 1,182hl LAE.
- The total fiscal loss from illicit artisanal alcohol was estimated at US\$2.1 million in 2014.

Illicit artisanal – value chain

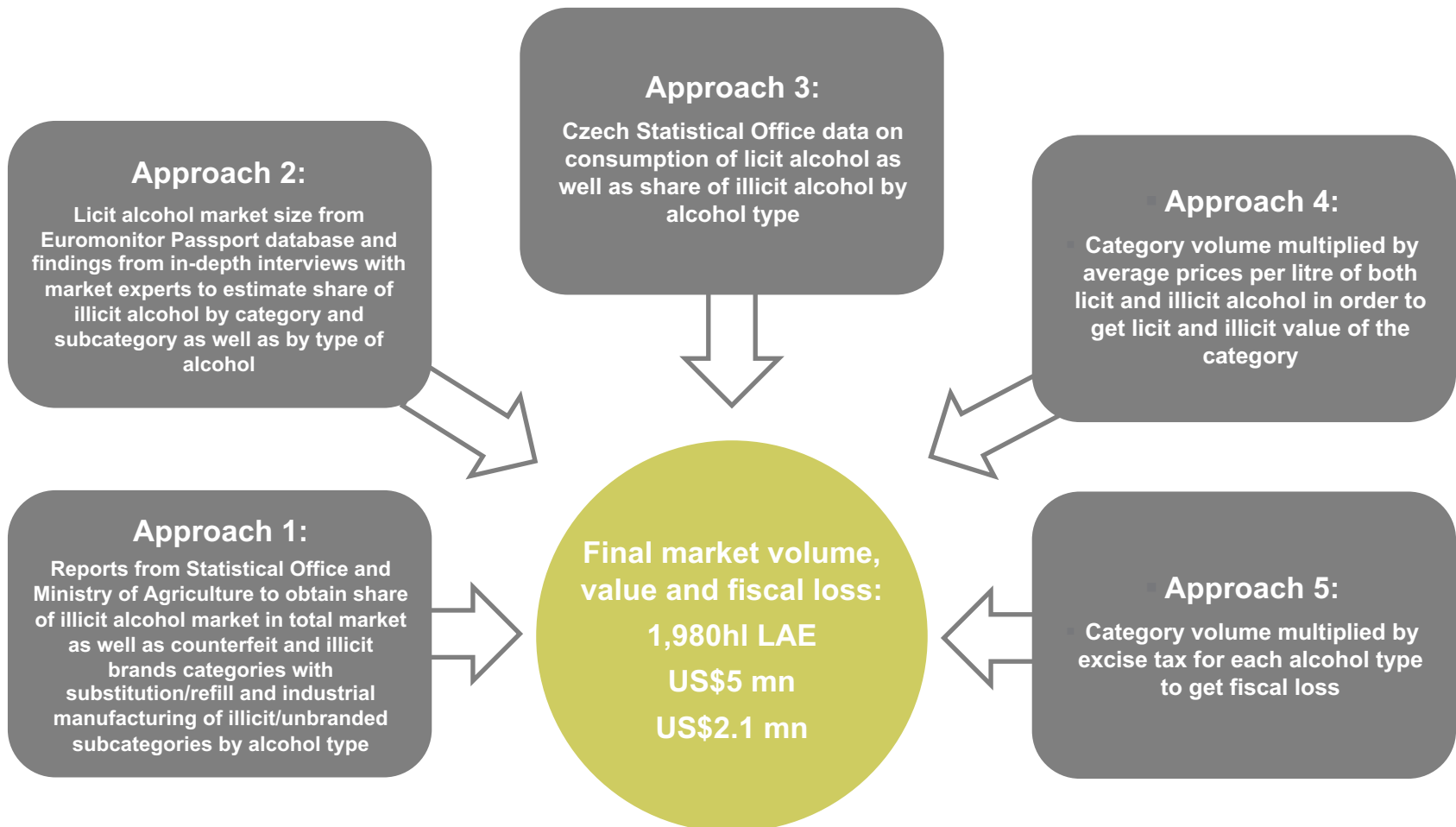


Green box border colour = licit activity or product

Blue box border colour = illicit activity or product

Illicit artisanal - methodology

Multiple approaches were used to estimate the market size in terms of volume, value and fiscal loss



Surrogate - key facts

Surrogate consumption remains negligible in the Czech Republic

Relevance

- Surrogate accounted for a negligible 0.2% share of the illicit alcohol market in 2014.
- The category is limited to spirits substituted by liquids originally used for other purposes containing alcohol.

Beverages and brands

- There are basically two types of surrogate drinks in the market:
 - Liquid containing 60% ethanol used for certain health problems, eg respiration, muscles sold in glass bottles of 65ml, 165ml and 1 liter
 - Window cleaners with alcohol content of 20-22% sold in plastic bottles ranging from 200ml to 5 liters

Where

- Surrogate consumption is common among the homeless population addicted to alcohol and consequently is more evident in larger cities such as Prague, Brno and Ostrava.
- Both surrogate liquids consumed as alcohol are available in drugstores and supermarkets.

Drivers

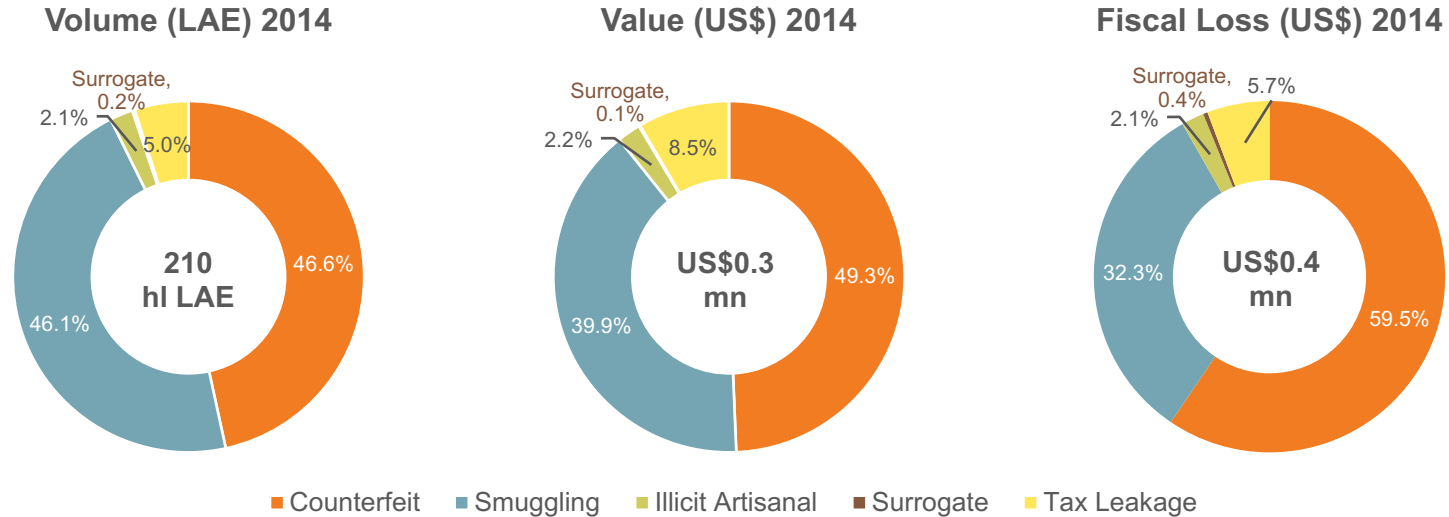
- People with alcohol abuse issues (mainly homeless) look for strong alcoholic beverages at the lowest prices possible.
- The consumption continuously declines as both cheap licit and illicit alcohol is becoming more affordable also for homeless population offering better quality and taste than surrogate.

Effects

- High risk to consumer health.

Surrogate - market size

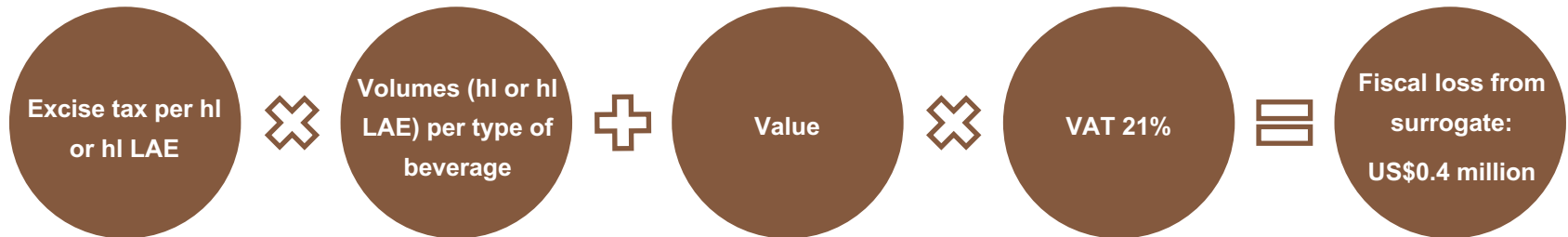
Surrogate represents just 0.2% in LAE volume terms



- **Surrogate drinks hold negligible share in the Czech Republic in 2014** due to the fact that licit alcohol and wine are widely available at relatively low prices, also allowing people with low incomes to consume alcoholic drinks of better quality and taste than surrogate products.
- As a result, **surrogate drinks are consumed mainly by the homeless population**. According to the Institute for Criminology and Social Prevention, approximately **half of all homeless people consume surrogate drinks** as they seek the lowest prices available for alcoholic drinks.
- **Surrogate accounted for just 0.2% in LAE volume terms** and 0.1% in value terms of the illicit alcohol market in 2014.
- In value terms, **surrogate represented 0.4% of the overall fiscal loss** from the illicit alcohol market.

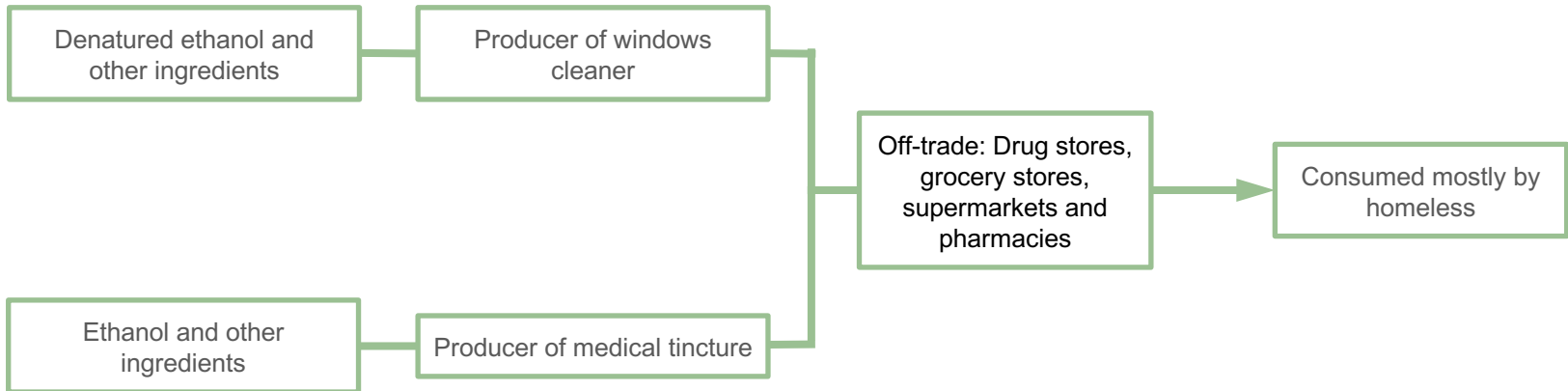
Surrogate - fiscal loss

Surrogate represents a negligible 0.4% share of the fiscal loss from the illicit alcohol market



- To calculate the fiscal loss from surrogate beverages, Euromonitor International used the **tax rate for the product that the surrogate is replacing**. In the case of the Czech Republic it is spirits, where the **excise tax was CZK28,500** per hl LAE in 2014.
- VAT loss was also calculated based on the fact that surrogate is replacing sales of alcoholic beverages.
- As a result, the total **fiscal loss from surrogate in 2014 was estimated at US\$0.4 million**.

Surrogate– value chain

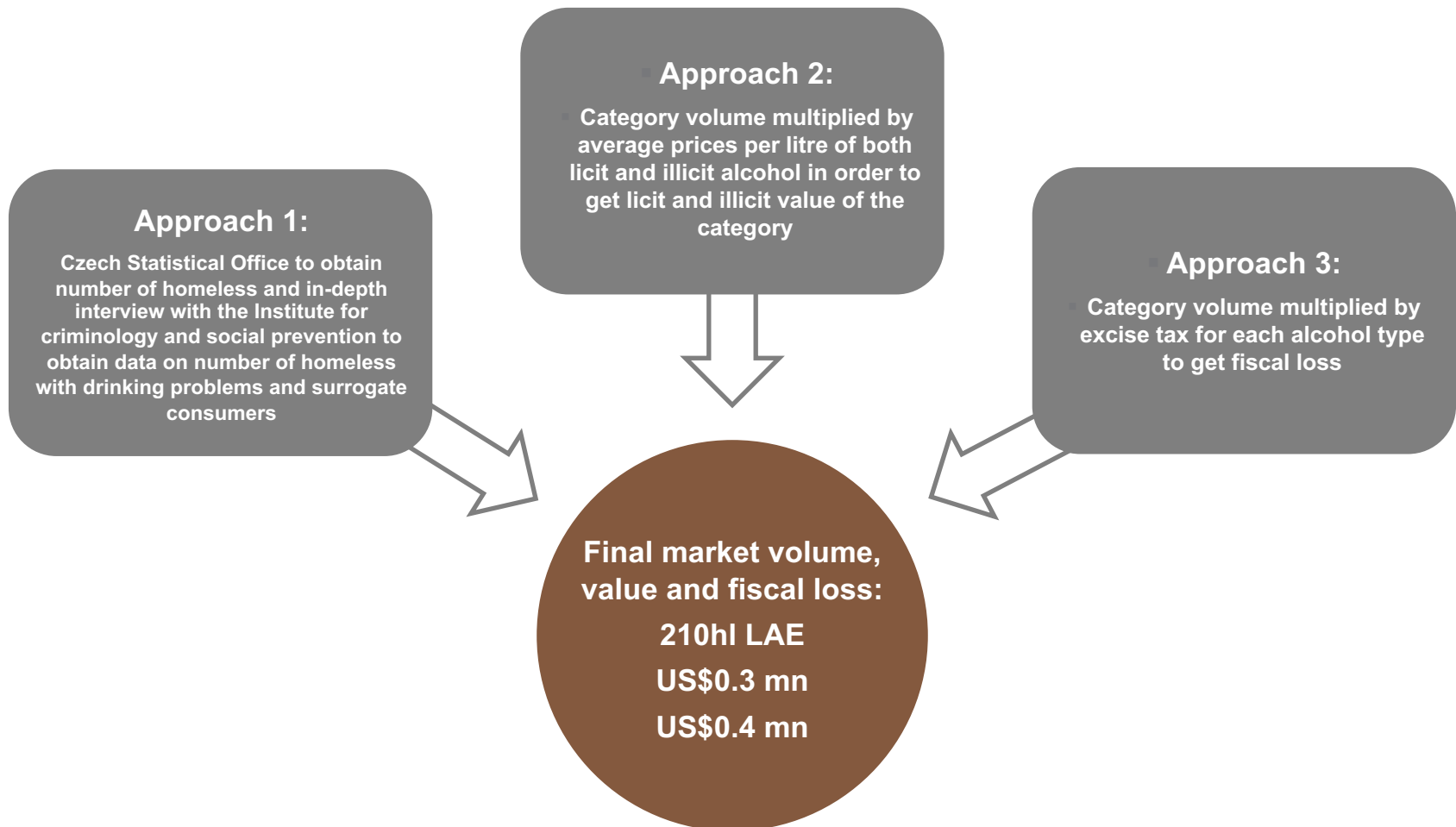


Green box border colour = licit activity or product

Blue box border colour = illicit activity or product

Surrogate - methodology

Both secondary and primary sources used to obtain final market size for surrogates



Tax leakage - key facts

Tax leakage mainly carried out by small producers

Relevance

- Tax leakage accounted for 5% of the illicit alcohol market in the Czech Republic in 2014.
- The majority of tax leakage takes place in small wineries and microbreweries.

Beverages and brands

- Tax leakage is represented by beer and wine of all kinds. Both beer and wine are often sold as tap which is difficult to track, consequently packaging is in kegs, tanks and barrels.
- Due to strict control of licit producers such as daily reporting on the produced amount of alcohol and cameras in manufacturing facilities there is no tax leakage in spirits.

Where

- Unregistered production of wine and beer, particularly by smaller producers. Beer is brewed in all regions as there are over 200 microbreweries in the Czech Republic. Wine production is limited to major wine growing region of South Moravia.
- Direct selling to small retailers such as kiosks and convenience stores or foodservice (pubs, bars, restaurants).
- Most small producers also operate their own pubs or wine bars where they can easily sell illicit alcohol.

Drivers

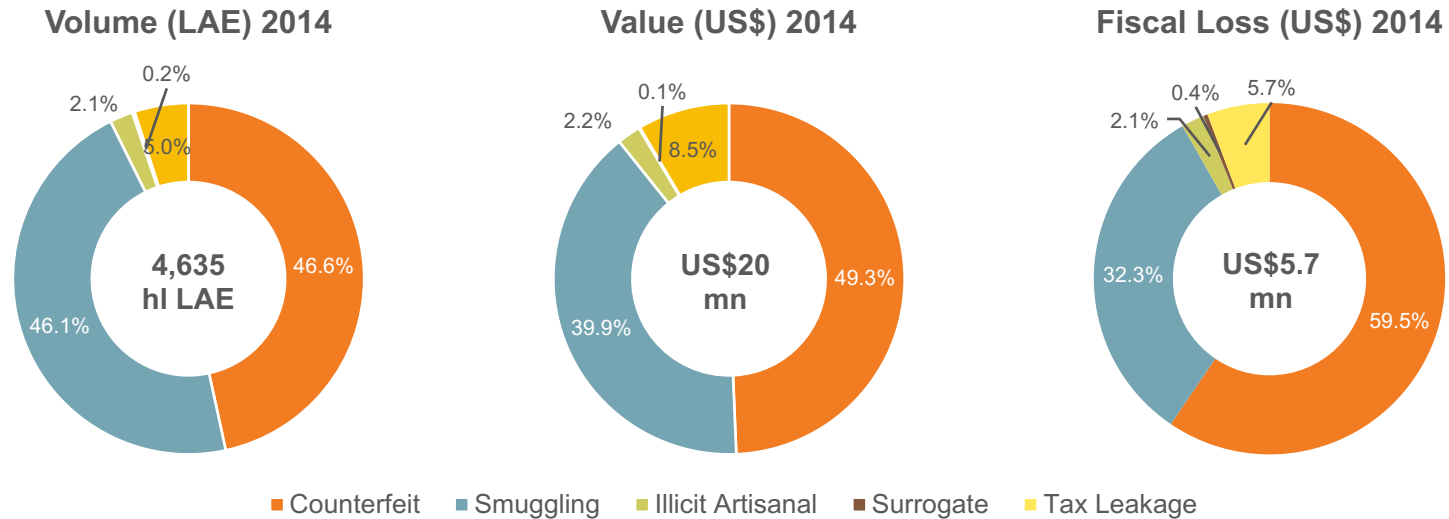
- Avoidance of excise tax, VAT and income tax, which makes final product much cheaper.
- The tax leakage is expected to grow slightly because the number of microbreweries is growing and government control bodies are not able to discover hidden production by small producers.

Effects

- Fiscal loss.
- Unfair competition for licit producers of wine and beer.

Tax leakage - market size

Beer dominates tax leakage with 87.2%



- Although **tax leakage was the third largest category in 2014** it held only 5% share in LAE volume terms and 8.5% in value terms in the Czech Republic.
- The **category was driven by beer produced in poorly controlled smaller breweries** and as a result hidden quantities of production, holding 87.2% share. Market sources also believe that some quantity of illicit alcoholic drinks is produced during the third shift and supplied using undocumented trucks.
- The remaining **12.8% in LAE volume terms is attributed to wine** produced by smaller wineries. In addition, **sparkling wine is declared as wine** in order to avoid excise taxes.
- In value terms, **tax leakage accounted for 5.7% of overall fiscal loss** from the illicit alcohol market.

Tax leakage - fiscal loss

Tax leakage represents 5.7% of the fiscal loss from the illicit alcohol market



- Alcoholic beverages in this category evade the following excise taxes:
 - The **excise tax for sparkling and port wine was CZK2,340 per hl in 2014**, there was **no excise tax on regular wine**. Custom duties for wine imported from third countries follow EU common duties with a rate of €32 per hl.
 - The **basic excise tax for beer was CZK32 per each grade of wort in hl in 2014**. Microbreweries and small breweries with production lower than 200,000hl per year benefited from lower rates ranging from CZK16 to CZK28.80 per each grade of wort in hl.
- Suppliers of tax leaked alcohol are also evading payment 21% VAT.
- The **most common alcoholic beverage affected by tax leakage is beer** amounting to 4,043hl LAE, while wine amounted to 592hl LAE in 2014.
- The **total fiscal loss from tax leakage in 2014 was estimated at US\$5.7 million**.

Tax leakage - value chain

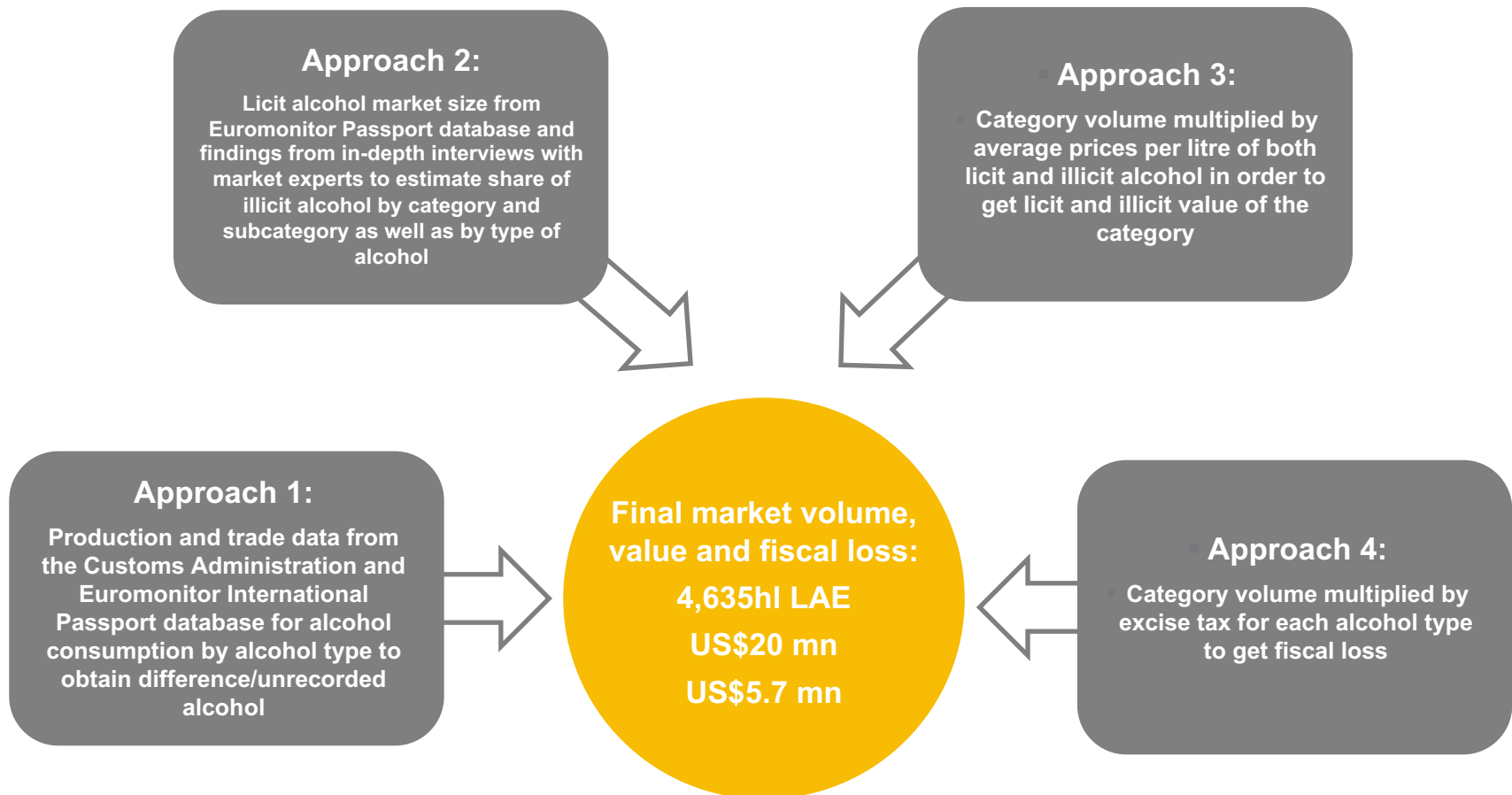


Green box border colour = licit activity or product

Blue box border colour = illicit activity or product

Tax leakage - methodology

Multiple approaches were used to estimate the market size in terms of volume, value and fiscal loss



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FISCAL LOSS

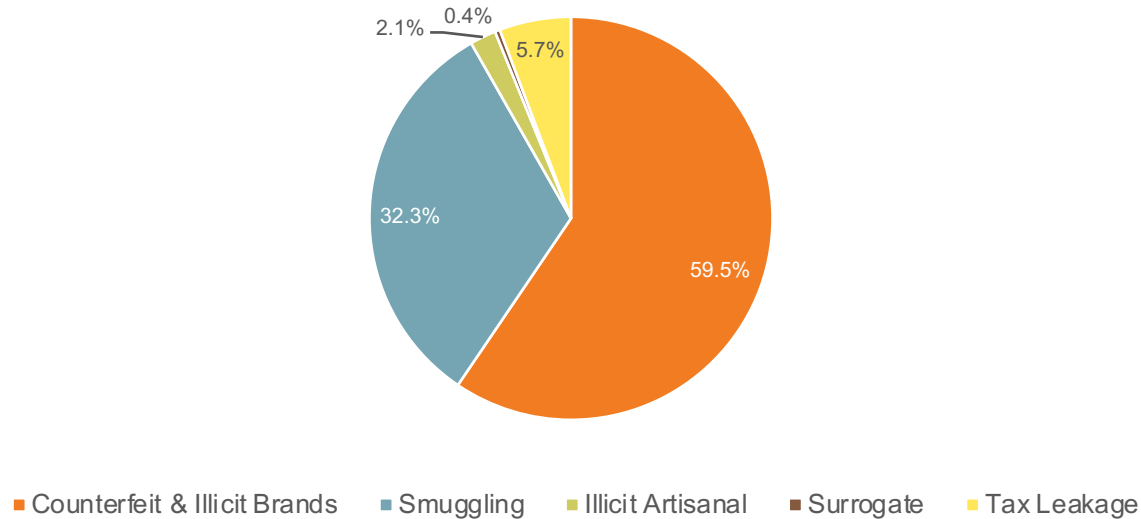
APPENDIX



Size and shape of fiscal loss of illicit alcohol in the market

Fiscal loss in the Czech Republic mainly originates from counterfeit volumes

Fiscal Loss of Illicit Alcoholic Beverages Market (US\$)



- In total, **fiscal loss reached US\$98.6 million in 2014. Counterfeit was the main source of fiscal loss, accounting for a 59.5% share.** Specifically, **industrial manufacturing represented the majority of the fiscal loss with 54.7%.** Smuggling was driven by wine with 32.3%, while remaining shares were taken by tax leakage (5.7%), illicit artisanal alcohol (2.1%) and surrogate (0.4%).
- **Customs duties are limited** to generally very low imports of wine from third countries outside the European Economic Area. Consequently, duties do not significantly impact the fiscal loss from smuggling activities.
- In the Czech Republic, the **highest excise tax applies to spirits**, while beer excise tax is very low. Wine benefits from 0% excise tax as a way to support local vineyards by the government, with the exception of less popular sparkling wines and port wines.
- In terms of VAT loss, **wine led with 59.6%** followed by spirits with 27.6% and beer held 12.5% in 2014.
- As a result, in terms of alcohol type, **fiscal loss was driven by spirits, with 50.2% of total fiscal loss in 2014**, followed by wine with 36.9% and beer with 9.8%. The rest 3.1% was attributed to surrogate and smuggled ethanol in 2014.

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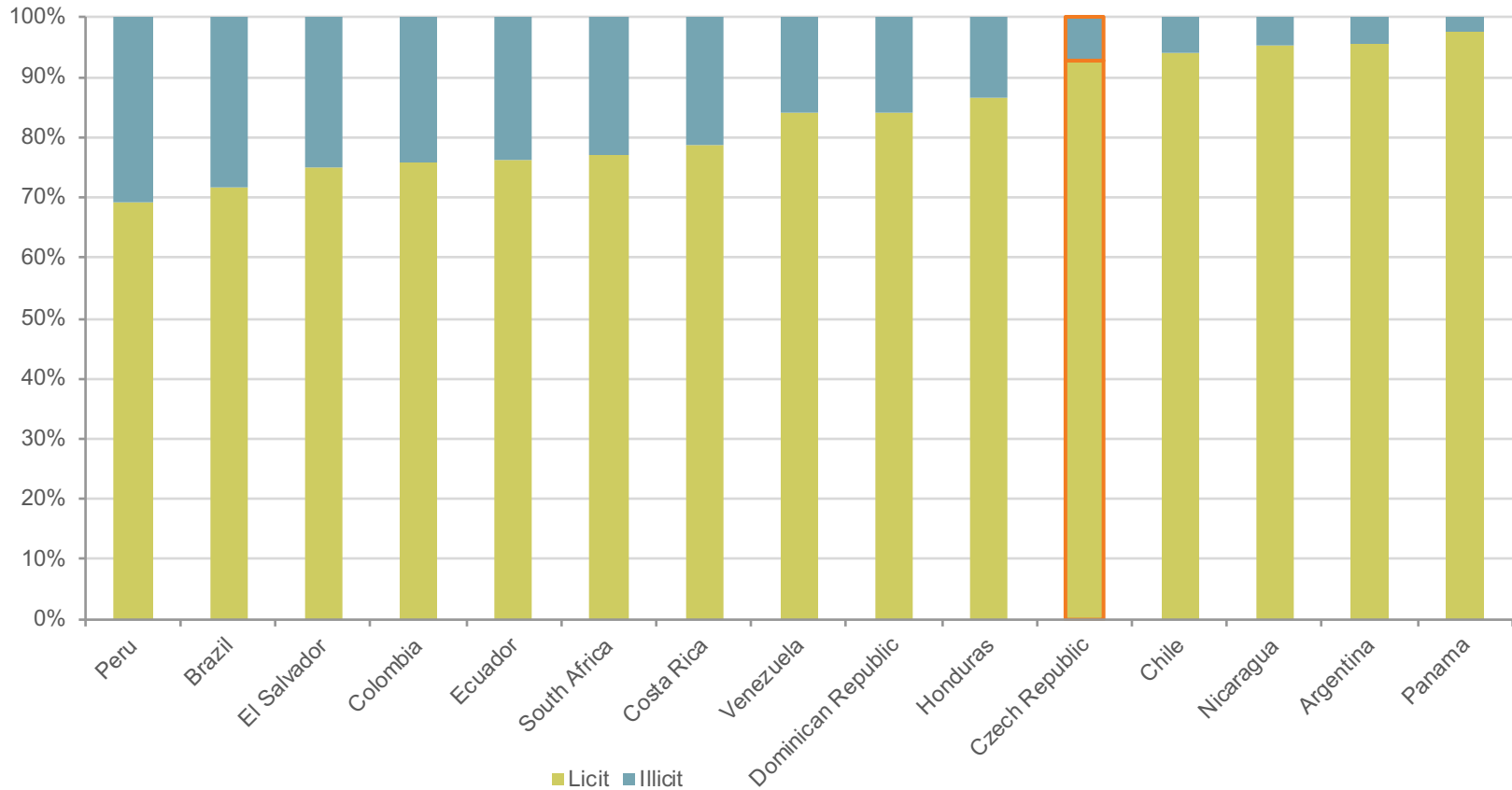
FISCAL LOSS

APPENDIX



Illicit alcohol share varies from 30.6% in Peru to 2.4% in Panama

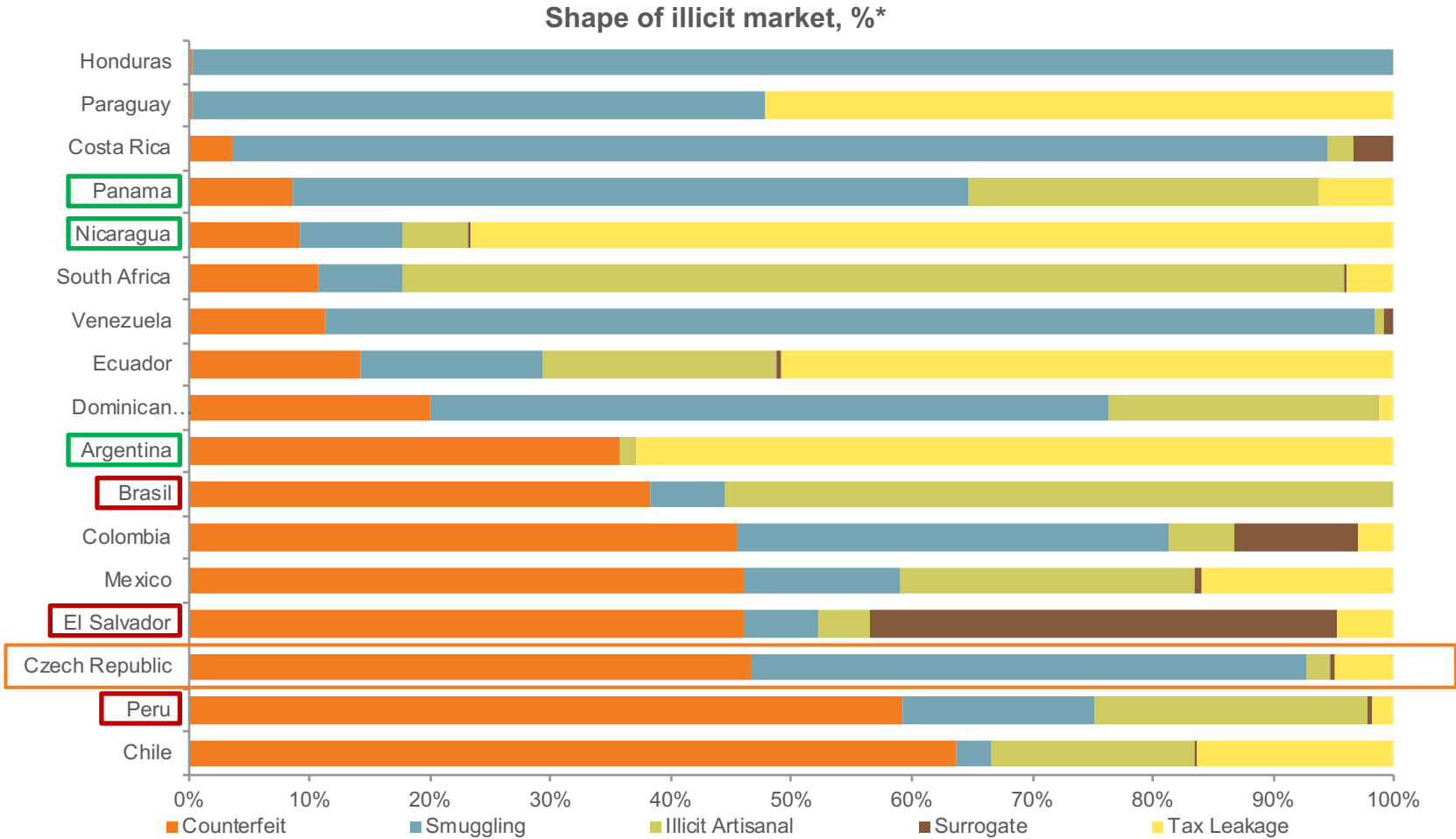
Illicit Alcohol vs Licit Alcohol by Country (LAE)*



Source: Euromonitor International Illicit Alcohol research

*Note: Data for the Czech Republic is for 2014, for Argentina, Chile, Colombia, Ecuador, El Salvador, Honduras, Peru is 2013, Nicaragua, Costa Rica, SA, and Panama are 2012 figures and Brazil, Dominican Republic, and Venezuela are 2011 figures. Brazil does not include tax leakage

Counterfeit and smuggling dominate in terms of volume in majority of countries

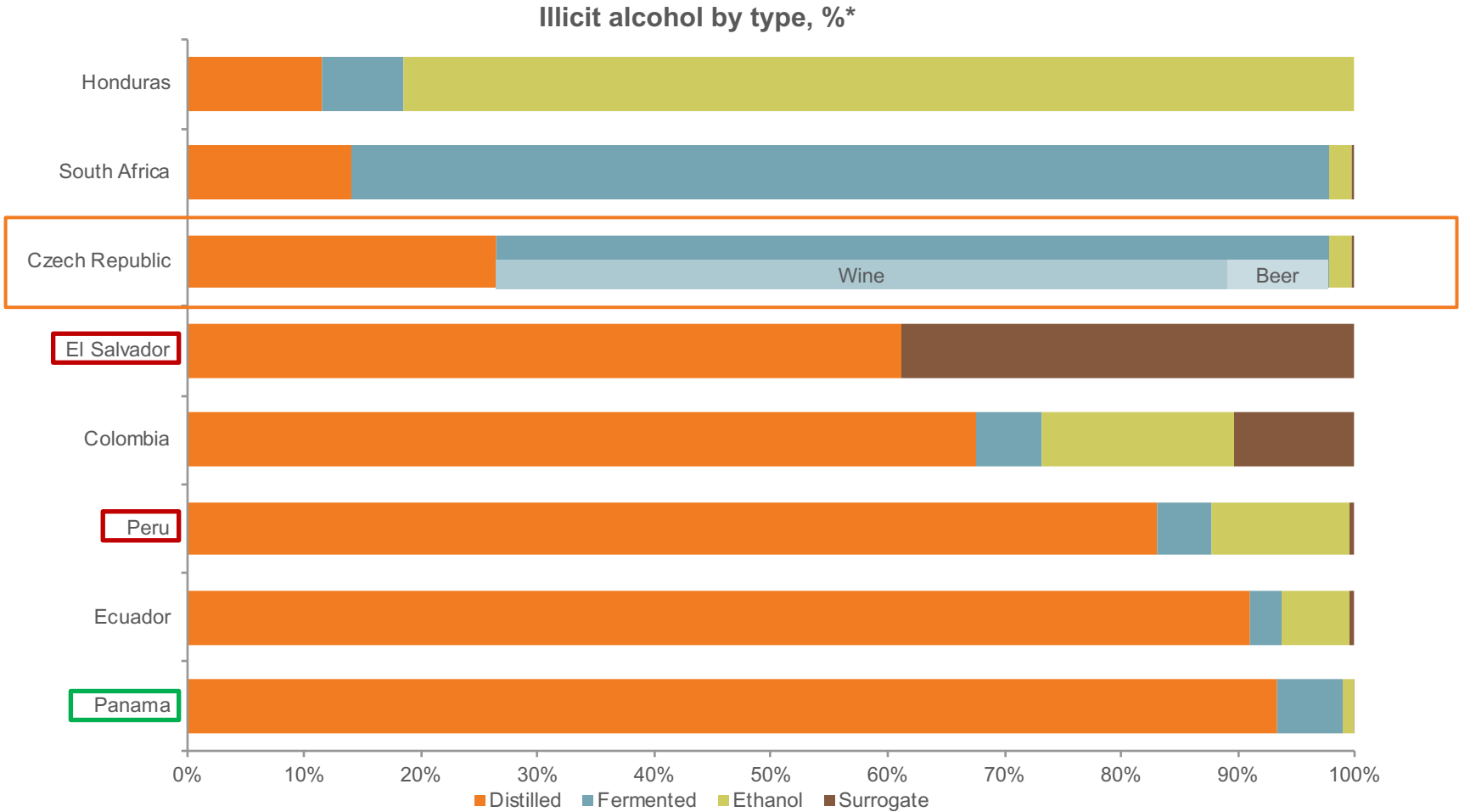


 Low illicit alcohol
 High illicit alcohol

Source: Euromonitor International Illicit Alcohol research

*Note: Data for the Czech Republic is for 2014, for Argentina, Chile, Colombia, Ecuador, El Salvador, Honduras, Peru is 2013, Nicaragua, Costa Rica, SA, and Panama are 2012 figures and Brazil, Dominican Republic, and Venezuela are 2011 figures. Brazil does not include tax leakage

Distilled most common type of illicit beverage in LATAM while fermented most common in the Czech Republic and South Africa



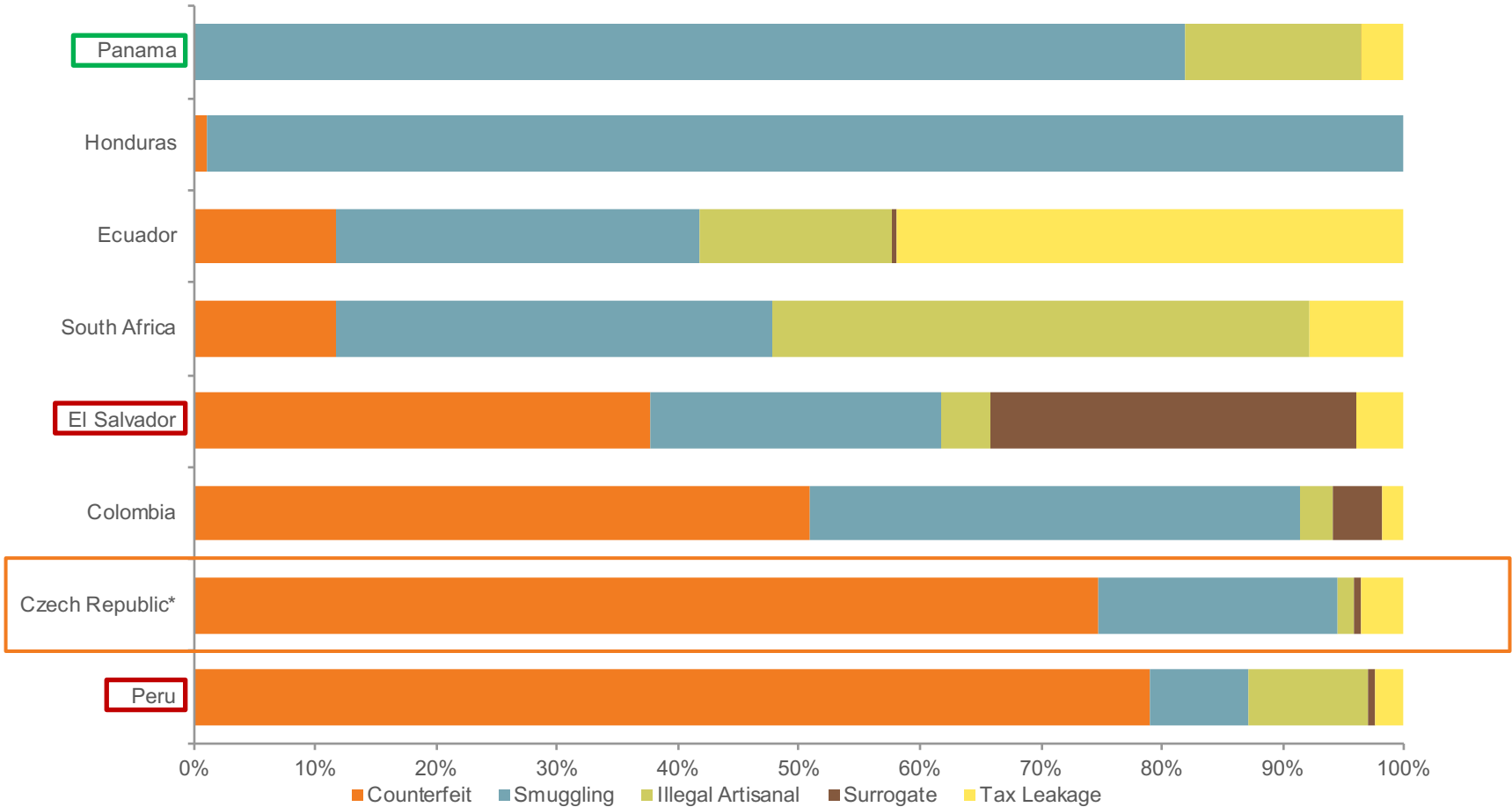
□ Low illicit alcohol □ High illicit alcohol

Source: Euromonitor International Illicit Alcohol research

*Note: Data for the Czech Republic is for 2014, for Colombia, Ecuador, Honduras, Peru. El Salvador is 2013, Panama and South Africa is 2012.

Counterfeit and Smuggling dominate for Fiscal Loss

Fiscal Loss per category (US\$)



 Low illicit alcohol
 High illicit alcohol

Source: Euromonitor International Illicit Alcohol research

*Note: Data for the Czech Republic is for 2014 and includes VAT, for Colombia, Ecuador, Honduras, Peru. El Salvador is 2013, Panama and South Africa is 2012.

Average licit and illicit RSP

Due to stronger regulations, the price gap between licit and illicit products tends to narrow, reducing the competitiveness of the latter




RSP= Retail selling prices. Average RSP per liter of illicit alcoholic beverages


Source: Euromonitor International Illicit Alcohol research


*Note: Data for the Czech Republic is for 2014, for Colombia, Ecuador, Honduras, Peru, El Salvador is 2013, Panama and South Africa is 2012.

Main drivers of illicit alcoholic beverages market

The main drivers in the CZ are lack of control and avoidance of tax payment

- 
- Ability to avoid tax payment for higher profits make it attractive for manufacturers and suppliers to offer counterfeit and illicit brands, smuggled or tax leaked alcohol to customers

- 
- Despite the low price gap between licit and illicit alcohol, price is still the main driver for consumers to purchase illicit alcohol, especially for those with relatively low disposable income.

- 
- Set relationship between illicit alcoholic beverages supplier and customer, mainly in HORECA, is hardly affected due to the tighter regulation

- 
- New regulation on packaging slightly affects illicit market especially for alcoholic beverages offered on tap or in PET bottles

- 
- Lack of control on imports makes smuggling relatively easy

Licit artisanal alcohol market landscape in 2014

Licit artisanal alcohol is presented by spirits and wine mostly from South Moravian region

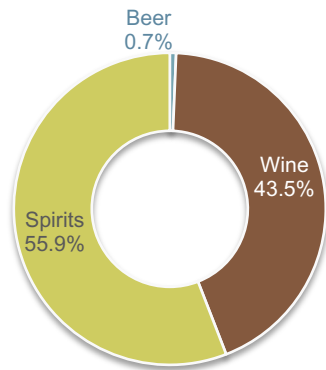
22,549 HL, LAE

TOTAL LICIT ARTISANAL ALCOHOL MARKET VOLUME

28.2 US\$, mn

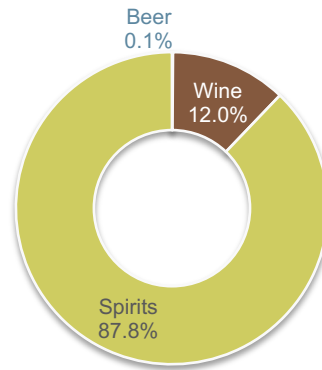
TOTAL LICIT ARTISANAL ALCOHOL MARKET VALUE

Licit Artisanal Alcohol Volume



■ Beer ■ Wine ■ Spirits

Licit Artisanal Alcohol Value



■ Beer ■ Wine ■ Spirits

- **Spirits** lead licit artisanal alcohol market mostly referring to fruit **distillates** like **slivovica (plum)**, **hruskovica (pear)**, **merunkovica (apricot)** distillates with alcohol contains ranging from **40% to 60%**, **processed in licensed distilleries**.
- The production is present in all areas in the Czech Republic but vast majority is located in **South Moravia**.
- Households store such alcohol in **large volume glass bottles of 25 liters** or **small glass bottles of 1 liter**.
- Similarly to spirits, **artisanal wine is also produced in South Moravia**, the only significant region for wine production. **Artisanal production of wine is cheap** as grapes are grown by household and processing does not require large investments.
- **White, red and rose wine is produced from grapes grown in the garden or small family vineyard and stored in variety of packaging** such as large volume glass bottles of 25 liters, metal tanks, wooden barrels, glass bottles of 0.75 liter or PET bottles of 1.5 liter.
- **Production of artisanal beer is limited to a small group of brewing fans producing negligible amounts for their own consumption.**

Cross-comparable definitions: LATAM/South Africa vs. Czech Republic (1)

| Original Category name | Adjusted Category name for CZ | Original Sub-category name | Adjusted Sub-category name for CZ | Alcohol Type | Original Product name | Adjusted Product name for CZ | |
|------------------------------|-------------------------------|--|--|--------------|-----------------------|------------------------------|-------|
| Counterfeit & illegal brands | Counterfeit & illicit brands | Substitution/refill | Substitution/refill | Distilled | / | / | |
| | | | | Fermented | Beer | Beer | |
| | | | | | | Other* | Wine* |
| | | Industrial manufacturing of illegal brands or unbranded beverage alcohol | Industrial manufacturing of illicit brands or unbranded beverage alcohol | Distilled | / | / | |
| | | | | Fermented | Beer | Beer | |
| | | | | | | Other* | Wine* |
| Contraband | Smuggling | Contraband of ethanol | Smuggling of ethanol | / | / | / | |
| | | Contraband of the finished product | Smuggling of the finished product | Distilled | / | / | |
| | | | | Fermented | Beer | Beer | |
| | | | | Other* | Wine* | | |
| Illegal artisanal alcohol | Illicit artisanal alcohol | / | / | Distilled | / | / | |
| | | | | Fermented | Beer | Beer | |
| | | | | | Other* | Wine* | |
| Surrogate | Surrogate | / | / | / | / | / | |

*Note: In Czech Republic the only "Other" fermented product is "Wine"

Cross-comparable definitions: LATAM/South Africa vs. Czech Republic (2)

| Original Category name | Adjusted Category name for CZ | Original Sub-category name | Adjusted Sub-category name for CZ | Definition |
|------------------------------|-------------------------------|--|--|---|
| Counterfeit & illegal brands | Counterfeit & illicit brands | Substitution/refill | Substitution/refill | Illicit alcohol sold as licit brands or empty bottles of legitimate products refilled with cheaper alcohol |
| | | Industrial manufacturing of illegal brands or unbranded beverage alcohol | Industrial manufacturing of illicit brands or unbranded beverage alcohol | Manufacturing of illicit branded or unbranded alcohol |
| Contraband | Smuggling | Contraband of ethanol | Smuggling of ethanol | Illicit imports of ethanol as raw material |
| | | Contraband of the finished product | Smuggling of the finished product | Illicit imports of alcoholic beverages |
| Illegal artisanal alcohol | Illicit artisanal alcohol | | | Artisanal alcoholic beverages made for commercial purposes |
| Surrogate | Surrogate | | | Alcohol not meant for human consumption i.e. pharmaceutical alcohol, diverted to the alcoholic beverages market |

Cross-comparable definitions: LATAM/South Africa vs. Czech Republic (3)

| Alcohol Type | Product | Adjusted Product name for CZ | Definition |
|--------------|------------------|------------------------------|---|
| Distilled | | Spirits | Alcoholic beverage that is obtained by distillation from wine or other fermented fruit or plant juice or from a starchy material (such as various grains) that has first been brewed. The alcoholic content of distilled liquor is higher than that of beer or wine. Includes all liquors like brandy, whiskey, rum, vodka. |
| Fermented | Beer | Beer | Alcoholic beverage brewed from malt, sugar, hops, and water and fermented with yeast. |
| | Other Fermented* | Wine* | Alcohol beverage that is obtained by fermentation (chemical conversion of sugars into ethanol) from grapes or any other fruit juice like apple, peaches, pears. Includes all other fermented drinks than beer like cider and wine. |

*Note: In Czech Republic the only "Other" fermented product is "Wine"

Primary Sources

| No. | Source type | Company or Organization Name |
|-----|-------------|---|
| 1 | Interview | Association of Manufacturers and Importers of Sprints |
| 2 | Interview | Czech Association of Wine |
| 3 | Interview | Czech Bartenders Association |
| 4 | Interview | Czech Winemakers Association |
| 5 | Interview | Moravian Wine Association |
| 6 | Interview | The Czech Association of Hotels and Restaurants |
| 7 | Interview | The Czech Brewery and Malt Association |
| 8 | Interview | BRICOL-M s.r.o. |
| 9 | Interview | Bc Zdenek Landa |
| 10 | Interview | Fruko-Schulz s.r.o. |
| 11 | Interview | Gurlex s.r.o. |
| 12 | Interview | HYVEco, s.r.o. |
| 13 | Interview | Ráj Vína s.r.o. |
| 14 | Interview | Czech Agriculture and Food Inspection Authority |
| 15 | Interview | Institute for criminology and social prevention |
| 16 | Interview | The Customs Administration |
| 17 | Interview | The Ministry of Agriculture |
| 18 | Interview | Aromka Brno, Ltd. |
| 19 | Interview | Czech Brewmasters s.r.o. |

Primary Sources (cont)

| No. | Source type | Company or Organization Name |
|-----|-------------|---|
| 20 | Interview | Fonticulus spol. s.r.o. |
| 21 | Interview | Herba Alko s r.o. |
| 22 | Interview | Hill's Liquere |
| 23 | Interview | Ing. Petr JENCÍK – JENCÍK A DCERY, výroba lihovin |
| 24 | Interview | Likerka Nezdenice s.r.o. |
| 25 | Interview | BOHEMIA SEKT, s.r.o. |
| 26 | Interview | L'OR special drinks s.r.o. |
| 27 | Interview | Milan METELKA a. s. |
| 28 | Interview | Ovocný lihovar Petrov s.r.o. |
| 29 | Interview | Pálenice Zvánovice |
| 30 | Interview | Rudolf Jelinek a.s. |
| 31 | Interview | Stará Dáma s.r.o. |
| 32 | Interview | Únětický pivovar a.s. |
| 33 | Interview | Vinařství U Kapličky s.r.o. |
| 34 | Interview | Zámecký Ovocný Lihovar Blatná s. r. o. |
| 35 | Interview | ŽUSY s.r.o. |
| 36 | Interview | Coop Jednota s.d. |
| 37 | Interview | Jednota, spotřební družstvo Hlinsko |
| 38 | Interview | Tesco Stores ČR a.s. |

Secondary sources

| No. | Source type | Company or Organization Name |
|-----|-------------|---|
| 1 | Secondary | The Institute of Sociology of the Academy of Sciences of the Czech Republic |
| 2 | Secondary | Association of Czech producers and importers of spirits |
| 3 | Secondary | Certifikacelihovin.cz |
| 4 | Secondary | Czech Statistical Office |
| 5 | Secondary | Eagri.cz |
| 6 | Secondary | Municipal website |
| 7 | Secondary | National Institute of Public Health |
| 8 | Secondary | The Customs Administration |
| 9 | Secondary | Zufanek |
| 10 | Secondary | Aktualne |
| 11 | Secondary | Alkoholiam.cz |
| 12 | Secondary | Alkoholium.cz |
| 13 | Secondary | Centrumnews |
| 14 | Secondary | Czech Television |
| 15 | Secondary | Denik.cz |
| 16 | Secondary | Derivat.sk |
| 17 | Secondary | E15.cz |
| 18 | Secondary | Echo24.cz |
| 19 | Secondary | Finance.cz |

Secondary sources (cont)

| No. | Source type | Company or Organization Name |
|-----|-------------|------------------------------|
| 20 | Secondary | idnes.cz |
| 21 | Secondary | lhned.cz |
| 22 | Secondary | Impuls |
| 23 | Secondary | Jentodobre.cz |
| 24 | Secondary | Lidovky |
| 25 | Secondary | Novinky.cz |
| 26 | Secondary | Obcanskymonitoring.cz |
| 27 | Secondary | Patria.cz |
| 28 | Secondary | Podnikatel.cz |
| 29 | Secondary | Praguepost.com |
| 30 | Secondary | Rozhlas |
| 31 | Secondary | Svet-potravin |
| 32 | Secondary | The Customs Administration |
| 33 | Secondary | Tyden |
| 34 | Secondary | Vlast.cz |
| 35 | Secondary | Nova.cz |
| 36 | Secondary | Heureka.cz |



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