The food market in the CR and its regulation within the framework of the EU agricultural policy

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Abstract: The food market is created by the farmers, whose importance arises from their production of the raw materials from which food is made. These products are processed and supplied to the retail chains, where they are offered to the end consumers. The food market is further regulated, and in a certain sense limited, by the EU organs, as well as by the domestic agricultural policies, by the means of a whole host of directives, norms and regulations. The aim of this article is to define the individual organs on the food market in the CR, to evaluate their work in the food chain from the production of the primary raw materials to their distribution to the end consumer. The article will also present the selected regulatory factors of the market in the context of the EU agricultural policy.

Key words: agricultural products, food industry, food market, foodstuffs inspection; retail chains

Agriculture is a production of manufactured goods. Its products are the result of processes in which the society has an impact on the nature. Agricultural production consists of, mainly, food which ensures the physical existence of the population. In the sense of the expression, "ensuring the food supply", the main task of the agricultural production is to be a source of raw materials for the food industry, which springs from the growing of crops, and the raising of domestic animals. Within the territory of the EU, agricultural production is formed and regulated by the agricultural policy of the EU. The big question is this, how to regulate agriculture, and to a certain extent the agricultural policy? Linked to this question are the issues of the food industry, retail chains and consumers (Abrhám 2008).

The food market is primarily in the competence of the CR, but on the other hand, several laws and regulations covering this area must be in harmony with the EU regulations. The components of the food market are the farmers, whose importance arises from their production of the raw materials, which then go to the food producers who manufacture the food and supply it to the retail chains, where it is offered to the end consumers (customers). The food market is further regulated, and in a certain sense limited, by the external factors. Among the external influences, we can put the EU itself, along with its directives and regulations. Then there are the Czech state institutions which have jurisdiction in this area. Examples of the latter are: the State Agricultural and Food Inspectorate; the State Veterinary Administration of the CR, as well as the Ministry of Agriculture of the CR. Among other external influences, we can place the various lobby groups, as well as the various independent organisations, and the media, which play an important role in the food market, as well as drawing attention to important problems in the area.

THE FOOD MARKET

The food market, just like every other market, is governed by the basic economic principles of supply and demand. On the demand side, there are the customers, who are the end consumers of agricultural products as well as those of the food industry. The supply side consists of several subjects, which come together in certain chains. At the beginning, there are the farmers, as the primary producers of the raw materials necessary for the food industry. Dependent on them are the food manufacturers, as secondary processors of the agricultural products. These are transformed into the final products for the direct consumption by the end customer. Between the manufacturers and the end consumers, there are

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at the present time, however, the retail chains. The latter, apparently, have the strongest influence. As the last links in the chain on the food market, they connect supply and demand, as well as forming the influence of both these components. The farmers provide the food industry with the products of a given quality. The quantity and quality of the production are reflections of the primary factor of production. In agriculture this is, for instance, the soil, the quality of which, its immobility, its inability to reproduce, and its positioning, still greatly influence the result. Another significant factor influencing the size of production is that of the climatic conditions. Food manufacturers exert a further influence on the farmers, mainly by putting pressure on the purchase price of crops.

After processing the agricultural products into food, the manufacturers supply it to the retail chains at a price which is dependent on the costs at which they are able to manufacture the food at a certain level of quality, as well as the production technology used. The retail chains are able to exert their influence on the farmers via the food producers. Their basic principle is to reduce the price of the products destined for their customers to the lowest possible level. Food manufacturers then put this pressure on their suppliers, i.e., on the farmers, and they try to give the lowest possible price for food crops. This pressure to lower all costs leads to a reduction of the quality of food products, which affects the last link in the food chain, i.e., the consumer.

However, the customers can take certain steps to influence the food quality, and so affect the retail chains and the food manufacturers. The size of the demand forms the size of their preferences and their purchasing power. The customers, by their preferences, influence even the food manufacturers, and this preference also affects the retail chains through the customers’ demand for certain goods in their outlets. At the same time, the manufacturers influence the customers, by the quality of their products, and also their prices, which to a certain extent influence the food chain. The influence of the chains on the customer is fundamental. It is dependent on the overall strategy which focuses, for instance, on the price or quality or other aspects. Customers are also influenced by prices, which are an important tool in the complicated competitiveness battle. The chains take notice of the purchasing power and the preferences of their customers, and press on the food manufacturers to offer products of such quality and at such price as would satisfy the widest possible range of consumers. The price of products, therefore, is not completely in the food manufacturers’ hands; it is even influenced by the customers who, through the food retail chains, press on the manufacturers’ prices (Kotler et al. 2007).

Other external influences have a bearing on the food market as well. These are asserted by the state organs and are motivated by the economic and political reality. In the Czech Republic, these are the activities of the state bureaux and institutions in the area of agriculture, for instance the Ministry of Agriculture of the Czech Republic, the State Veterinary Administration, as well as the State Agricultural and Food Inspectorate. These organs create the regulations and directives in the area of quality, the labelling of food, the obligation to display the ingredients and other information on the packaging for the customer, price regulation, the amount of the product and so on. Furthermore, it concerns the EU organs acting through the medium of the agricultural policy as well as other policy areas.

THE FOOD INDUSTRY IN THE CR

The food industry in the CR is an important branch of the manufacturing sector, it has a long tradition and its importance arises from its function of feeding the population. Processed food should be of a reasonable quality, free from the defects and reasonably priced. Some firms dealing in food are directly connected to the agricultural primary producers, and others deal with the finished product. It is not important which food manufacturing we are talking about, because according to the EU, there must be a certain level of hygiene maintained in the food manufacturing area. Therefore, many companies were forced to invest heavily into new plants and machinery, or in the modernisation of their production lines (EAGRI 2013).

The production of food and beverages in the CR belongs among the traditional branches of the manufacturing sector. The main function of the food industry is the production of a wide variety of wholesome food for the entire target group of inhabitants and of the required quality. The main inputs to the food industry are agricultural products, both those of the domestic and foreign origin. Products after basic processing, as well as the highly processed food products and beverages, are a significant segment of the domestic consumer market, but also in the EU single market. The production of food and beverages accounts for just under 3% of the Czech GDP.
The food industry in the CR is concentrated mainly in the Elbe region, South Moravia, as well as in the big cities like Prague, Brno, Ceske Budejovice, Ostrava and Plzen. The branch structure of the Czech food industry is very varied, and it consists of the production of beverages and food, and the most important sector in food production is the processing and canning of meat and meat products. Another branch is the fruit and vegetable processing industry. Examples of this are, for instance, the manufacture of fruit and vegetable juices, or the mashed potato powder. We could also mention milk processing and the manufacture of dairy products, such as cheese and ice cream. In addition, there are the products from the confectionary, bakery, milling and starch-making branches. The second element of the food industry in the CR is the manufacture of beverages. Beer brewing occupies the first position in this branch (Doing business 2013). In 2011, the greatest income was from the following key branches: the manufacture of miscellaneous food stuffs, such as the meat processing and the manufacture of meat and dairy products (Table 1). According to the system CZ-NACE (Nomenclature générale des Activités économiques dans les Communautés Européennes – The classification of economic activities replacing the old OKEC – Branch Classification of Economic Activities), the manufacture of food products is divided into the following branches and groups:

10 The manufacture of food products
10.1 Meat processing and the manufacture of meat products
10.2 The processing of fish, cockles and mussels
10.3 Fruit and vegetable processing and canning
10.4 The manufacture of vegetable and animal oils and fats
10.5 The manufacture of dairy products
10.6 The manufacture of starch and milled products
10.7 The manufacture of baker’s, confectioner’s and other flour based products
10.8 The manufacture of miscellaneous food products
10.9 The manufacture of industrial feedstuffs
11 The manufacture of beverages

Manufacturers of food products must observe many regulations. An example of the Czech legislation is the Law No. 146/2002 Coll., on the State Agricultural and Food Inspectorate, as well as some of the connected laws, as amended, or the Law No. 110/1997 Coll., on food and tobacco products, as amended, and other regulations covering, for instance the labelling of food, and so on. Some examples of the European regulations are, for instance, the regulation governing food safety; the EU Regulation No. 178/2002, which sets the general principles and requirements concerning food rules. It established the European Food Safety Authority, as well as laying out the measures to be taken with regard to the food safety in its valid form. We can also mention the EU Regulation No. 1333/2008, which was adopted on the 16th December 2008, and it covers food additives. There are also other regulations which govern food safety (administered by the SZPI = State Agriculture and Food Inspectorate 2013). The Czech Agriculture and Food Inspectorate supervises food processing plants in such cases where the food is produced with regard to the State Veterinary Administration of the Czech Republic, which supervises plants processing and manufacturing of animal based food.

Farmers and food manufacturers want to sell their products for the highest possible price, but at the same time, however, they want to buy the raw mater-

Table 1. The market share of the CZ-NACE groups on the income from the sales of their own products and services (2011)

<table>
<thead>
<tr>
<th>CZ-NACE groups</th>
<th>Market share in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>The manufacture of miscellaneous food products</td>
<td>21.2</td>
</tr>
<tr>
<td>Meat processing and the manufacture of meat products</td>
<td>20.9</td>
</tr>
<tr>
<td>The manufacture of dairy products</td>
<td>16.7</td>
</tr>
<tr>
<td>The manufacture of industrial feedstuffs</td>
<td>15.8</td>
</tr>
<tr>
<td>The manufacture of baker’s, confectioner’s and other flour based products</td>
<td>14.1</td>
</tr>
<tr>
<td>The manufacture of vegetable and animal oils and fats</td>
<td>5.1</td>
</tr>
<tr>
<td>The manufacture of starch and milled products</td>
<td>3.5</td>
</tr>
<tr>
<td>Fruit and vegetable processing and canning</td>
<td>2.4</td>
</tr>
<tr>
<td>The processing of fish, cockles and mussels</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: MZe (2012a)
The retail chains also have an influence on the manufacturers' profits. The manufacturers, in turn, exert pressure on their suppliers, mainly for the reason that there is great competition on the market. A drop in profits is also influenced by consumers, who, rather, buy the cheapest products. The economic situation in the country is also a significant factor, as well as the development of the level of GDP. These factors could change the consumer behaviour, which tend more towards the purchase of basic food items. The key connecting link on the food market is the retail chains, which connect the finished product with the end consumer. The retail chains sell the food products which are manufactured by domestic and foreign producers.

Even though during the past ten years some retail chains have disappeared from the Czech market, there has been a marked increase in the number of new supermarkets, or discount stores, which sharply compete with each other, and this can be at the expense of the quality of the goods they offer. According to the Incoma GfK, the majority of Czech households do their shopping in ten of the biggest retail chains with a fast goods turnover. The most popular chains in the Czech market to the end of 2012 are: the Kaufland, followed by the Tesco, Albert, Penny Market and COOP. This group of the most frequented retail chains is the main shopping place for 70% of Czech households, and has at its disposal a total of almost 3800 outlets (Incoma GfK 2013). It can be seen from Table 3 that 22% of Czech households shop in the Kaufland, 2 million households go to the Kaufland at least once a month. The Tesco is in the second position, being the main shopping outlet for 15% of the households. The Albert (Ahold company) occupies the third position, with 13% of households shopping there (Incoma GfK 2013).

Retail chains create the demand for products, after which they offer them to the end customers. Each chain has developed a certain business strategy, from which there springs its specialisation. For consumers, the key factor is price; this, however, corresponds to the quality of the products. If the given chain's speciality is offering the lowest possible prices, then this is reflected in the quality of the goods. The chains, therefore, put on the offer such products whose manufacturers can sell their goods at a lower price, and the quality of the goods themselves is derived from the available raw materials. If the strategy is oriented on quality, then, apart from prices, the quality of the raw materials used is a decisive criterion. Last but not least, the customer is also an important player in this game, with his/her decision as to what goods to buy at which price and level of quality. The network of retail chains in the CR is fairly wide, the assortment of goods is sufficient, but the quality of the goods is sometimes debateable. Retail chains attract their customers with special offers,

Table 2. Concentration of shopping done in the retail chains (2012)

<table>
<thead>
<tr>
<th>TOP Chains</th>
<th>Share of the main shopping market (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOP 1</td>
<td>22</td>
</tr>
<tr>
<td>TOP 3</td>
<td>50</td>
</tr>
<tr>
<td>TOP 5</td>
<td>70</td>
</tr>
<tr>
<td>TOP 10</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: INCOMA GfK (2013)

Table 3. Most frequented retail chains in the CR (2012)

<table>
<thead>
<tr>
<th>Chain</th>
<th>Loyal households (%)</th>
<th>Households shopping 1x per month (%)</th>
<th>Number of retail outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaufland</td>
<td>22</td>
<td>46</td>
<td>106</td>
</tr>
<tr>
<td>Tesco</td>
<td>15</td>
<td>22</td>
<td>232</td>
</tr>
<tr>
<td>Albert</td>
<td>13</td>
<td>32</td>
<td>282</td>
</tr>
<tr>
<td>Penny Market</td>
<td>12</td>
<td>35</td>
<td>344</td>
</tr>
<tr>
<td>COOP</td>
<td>8</td>
<td>21</td>
<td>2822</td>
</tr>
<tr>
<td>Lidl</td>
<td>6</td>
<td>34</td>
<td>228</td>
</tr>
<tr>
<td>Billa</td>
<td>6</td>
<td>19</td>
<td>205</td>
</tr>
<tr>
<td>Globus</td>
<td>6</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Interspar</td>
<td>5</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>Hruška</td>
<td>3</td>
<td>10</td>
<td>412</td>
</tr>
</tbody>
</table>

Source: INCOMA GfK (2013)
and/or by a wide assortment of goods. Of course, the reality is sometimes very different. Many consumers would be willing to pay some little extra for the good quality food. On the other hand, for other consumers the price of the goods on offer is the deciding factor, which, in the light of their economic situation, is understandable. They are not interested in, for instance, the ingredients or the country of origin. According to the research, the majority of consumers have very low demands regarding the ingredients of the given products, especially in the area of meat products; another deciding factor in the choice of goods is the taste of the food in question; the vast majority of consumers give it as their top priority.

EU REGULATIONS ON FOOD

Within the framework of the EU, food control is carried out in, and focused on, different areas. This concerns the health and safety of food, and other aspects which are connected.

In the area of food safety, the EU focuses on, among other things, the health and good living conditions for animals and plants; it follows the food production from its manufacture to after it is sold. This is part of giving the customer the widest possible choice of food.

The EU also adopts a strict legislation which must be followed both in the production of food in the EU, as well as its imports from third countries (Europa.eu 2013). The EU policies concerning food safety are aimed at ensuring the smooth functioning of the single market, and preventing damage to the health and economic interests of consumers. In this regard, the EU takes steps to enforce the rules relating to food hygiene, as well as the prevention of the risk of contamination in the food industry (Abrhám 2011). The term "food safety" also covers the marking of food and food products; the EU has created special rules for this. Of the EU rules dealing with food safety, we can name: the EC Regulation No.178/2002 (from 28th January, 2002), which sets down the general principles and requirements of food law. It is administered by the European Bureau for Food Safety, and it lays out the steps to be taken for ensuring food safety. It does so on the basis of the aforementioned Regulation, and in addition it is ensuring the quality of the food meant for consumption, as well as guaranteeing the free movement of healthy and safe food on the internal market. The EC Regulation No. 852/2004 (29th April, 2004), on food hygiene, contains all food hygiene related provisions.

There is a whole range of the EU legislative provisions which cover, for instance, living conditions for domestic animals, veterinary control, environmental pollution, and so on. There are various EU agencies charged with ensuring the compliance with the aforementioned rules and regulations. Of these, we could mentions the EFSA – European Food Safety Authority, for instance (Europa.eu 2013b). This bureau came into existence in 2002, thanks to the food crisis which appeared at the end of the 20th century. It is independent and it provides expert advice and information regarding the possible risks which may arise in the manufacture and distribution of food (EFSA 2008).

The EU also ensures the wholesomeness of food, because these rules arose in the framework of the EU in order to eliminate damage to consumers' health caused by microbes and/or chemicals in the manufacture of food. In this regard, there is a great pressure put on the manufacturers and importers of food, and great demands are placed on them, because the foodstuffs are under a very detailed supervision already during their manufacturing. The Food and Veterinary Bureau, located in Ireland, has the responsibility of ensuring that the highest standards of quality and wholesomeness of food are observed. Its activities consist of inspecting the food manufacturing plants themselves, as well as supervising the governments of the member states, in order to see how they have implemented the EU food safety legislation to their respective domestic legislation (EFSA 2008).

FOOD INSPECTION AND OVERSIGHT IN THE CR

The State Agricultural and Food Inspectorate (SZPI) and the State Veterinary Administration (SVS) carry out the food quality and safety inspection in the CR. The SZPI task is to protect consumers from food, sold in retail chains, which is wrongly labelled, or has passed its sell by date. The SZPI main task is to protect the consumers from the food which presents a health hazard. This agency inspects the raw materials used in the manufacture of food, as well as its storage, import and sale. It also concentrates on agricultural products, plant based food as well as tobacco products. The SZPI is authorised to carry out the spot inspections, and to evaluate the given state of the product, to measure temperature, to control how well it is protected from contamination. It is further empowered to take samples and to carry out
chemical and other analyses. The agency can also inspect all documentation concerning the given products. Then, based on the conditions pertaining, the agency has wide powers. It can order the enterprise to correct any faults found; it can prohibit the export and distribution of the products as well as to impose fines of up to 50 million CZK, in the event of having found insufficiencies in the area of food safety, or in the case of the consumer deception. Furthermore, it can order the liquidation of the faulty products, as well as having the authority to publish the results of its inspection (Food Chamber of the CR 2013).

The agency carries out all inspections on the basis of both the relevant EU legislation, as well as the Czech domestic legislation. An example of the EU legislation is, for example, the EC Regulation No. 882/2004 (29th April, 2004), which governs the inspections with the aim of ensuring the compliance with the regulations concerning feed and foodstuffs. It also covers the compliance with the provisions concerning animal health, as well as good living conditions for animals. the EC Regulation No. 178/2002; lays out the general principles and requirements of the foodstuffs law, and it is administered by the European Food Safety Authority, and it sets out the measures to be taken concerning food safety, etc. Of the Czech domestic legislation, the Law No. 146/2002 Coll., is of crucial importance. It governs the functioning of the State Agricultural and Food Inspectorate, as well as the amendments of some dependent laws. Another very important law in this regard is the Law No. 110/1997 Coll., which covers the food and tobacco products, as well as the Law No. 634/1992 Coll., on the consumer protection. There is also a whole range of other laws and regulations which relate to the concrete types of food (SZPI 2013b).

The State Veterinary Administration supervises the animal based food products, to ensure that they are not damaging health, and so that there are no outbreaks of any dangerous infection in the CR, which could threaten the health of consumers.

This agency also has the responsibility for the veterinary protection in the CR, as well as ensuring the animal welfare and protecting them from cruel conditions. Concerning the agency activities in the area of food, it supervises the slaughter of animals, inspects the import and export of meat products. It also, together with the SZPI, inspects the retail chains. It is also empowered to take samples, and among other things, to maintain a database for the registration and identification of animals. The State Veterinary Administration, like the State Agriculture and Food Inspectorate, falls under the Ministry of Agriculture of the CR, and it was so arranged by the Law No. 166/1999 Coll., on the veterinary control, as later amended. Other legislative provisions concerning the State Veterinary Administration are, for instance, the various government orders and regulations relating to crops and certain types of animals. Examples of such rules are, e.g., the Law No. 91/1996 Coll., which deals with feedstuffs, and the Law No. 246/1992 Coll., which protects animals from mistreatment (SVS ČR 2013).

The inspection of food in the CR is carried out by the Ministry of Health of the CR. In practice, it looks as if the State Veterinary Administration supervised meat products, while the State Agriculture and Food Inspectorate has the oversight of fruit and vegetables. Cleanliness of food is overseen by the State Hygiene Officer. However, there are certain discrepancies which should be resolved by the proposed amendments to the food laws. It is said to be the most extensive amendment since the CR accession to the EU. It should affect the whole food industry, as well as many other food related sectors. It promises changes in all phases of the manufacture, processing and end distribution aspects of the industry. It will also bring about great changes as to how the food is labelled. The purpose of the amendment is to boost the consumer health protection, as well as providing the consumers with more information. The amendment should ensure a simpler and better quality control of food. It will also transfer some areas of competence from the Ministry of Health of the CR to the Ministry of Agriculture of the CR.

Generally, the amendment will bring material and technical changes. The technical aspects will cover the uniformity of the expiry periods of food items as well as displaying their countries of origin and when they were put on the market, and the like. In short, it concerns all information about the food item which it is necessary for the consumer to know. Material changes will involve tightening of requirements for food shop operators, the specification of and amendments to the areas of the competence of the supervisory organs, as well as making adjustments to the range of penalties at their disposal. These will be considerably higher.

At the moment, in the case of administrative insufficiency, a fine of up to 1 million CZK can be imposed; under the amendment, the fine will be up to 3 million CZK. If the inspectors find shortcomings in the labelling, quality, storage, or if other requirements imposed by the EU legislation are infringed; it is now possible
to impose a fine of up to 3 million Kc. Under the amendment it will be possible to impose a fine of up to 10 million CZK. The 50 million CZK fine remains valid for the cases where the food safety regulations are not observed. This amendment comes into effect on 13th December, 2014, together with the EU Regulation on the labelling of food (MZe ČR 2012b).

The proposed amendment will bring about great changes to the area of food labelling. Labelling of food is one of the most complicated areas of the food law in the EU. The rules on labelling amend the regulations with the horizontal effect, and they are binding for all types of food. Besides the horizontal regulations, there also exist the vertical regulations, which amend only some groups of food, as well as determining special conditions for them. Of the Czech legislation, the most important is the Law No. 110/1997 Coll., which governs the food and tobacco products. Then, there is the implementation of the Regulation No. 113/2005 Coll., which deals with food labelling, to be followed by the connected regulations governing the individual foodstuffs, for instance, the Regulation No. 326/2001 Coll., on meat, poultry, fish, eggs and those food products derived from them. Another provision, the Regulation No. 77/2003 Coll., deals with milk, dairy products and fats. Fruit, vegetables, potatoes and potato derivatives are subject to the Regulation No. 157/2003 Coll. Then, the Law No. 166/1999 Coll., (veterinary law) presents the special steps to be taken in relation to the labelling of animal products. The aforementioned provisions all work in concert with a whole range of the EU Regulations (MZe ČR 2010). At the EU level, the Directives and other norms regulate these issues.

Examples of such provisions could be, for instance, the framework regulation on food safety: the EC Regulation 178/2002, then there are regulations which concern the requirements of food hygiene and safety, such as the EC Regulation 852/2004 and the EC Regulation 853/2004, as well as other regulations which deal with concrete food groups. From the point of view of food labelling, we classify several groups. They are packaged foods – i.e., the products are packaged either in a packing department or directly at the manufacturers. Next, there come the packaged products; these are packaged, mostly, in the retail outlet without the presence of the consumer or manufacturer. The last group of products are the unpackaged variety. In the case of the packaged food, it is necessary to have the relevant information directly on the package of all products, or, failing that, on the external packing of a grouping of packages. There is an exception for those products which are small and that the obligatory information would not fit on them. A further condition which must be observed is that the information on the packaging must be intelligible for all consumers. This also means that the information must be written in Czech. A possible exception is where it is not possible to translate something into the Czech language. The information must be placed in a prominent position and it must be legible. In this regard, there are discussions about the possible standardisation of the size of the text in which the information must be written. At present, the information is sometimes given in the font so small as to be hard to read. Furthermore, this information must not be given in a misleading language, and it must be written indelibly. It is prohibited to attribute other qualities than those which the product really has. It is also forbidden to convey the impression to the consumer that the product has some special quality which other products of a similar type do not possess, because, in reality the same products have the same qualities. It goes without saying that the packaging must not show any raw materials or ingredients which were not, in fact, used in the manufacture of this particular product.

### CONCLUSIONS

The food industry is intricately connected with agricultural production and agricultural policy, as well as playing a key role in the market with food. It stands in the centre of the chain which this market creates, and it is linked to the end consumer. It is regulated, however, by various rules and regulations, which are created at the legislative level in the CR, as well as at the legislative level in the EU. This sector of industrial production is dependent on agriculture as the primary source for its production. It is also, to a great degree, under the influence of the consumers, who are the end users of its products. The EU policy clearly defines many regulations which the manufacturers must observe. These concern the quality, hygiene, content, labelling and many other aspects. The purchase price of agricultural raw materials also exerts a great influence. These latter also include associated costs which have a big influence on the production price of the goods. Food manufacturers, however, do not adhere to many of these legislative provisions. The main reason is irregular inspections, weak penalties and the passivity of the consumers, who focus mainly on prices, not on quality. Retail
chains also play an important role in the products’ journey from the manufacturer to the customer. Food manufacturers greatly influence the varieties of goods on offer, and we can say that they do not have a direct contact with either the U, or the domestic agricultural policy. They are, however, under the pressure from the consumers, who determine which product will be bought, and at what price they are willing to buy it. The manufacturers’ task is to offer the consumers such products as they demand, and to find out at which price the consumer is willing to buy the products.

The EU and domestic legislation enables the consumer to discover all important facts relating to the given product. Although there exist precisely specified rules relating to the products and their make up and sale, the consumers are still deceived. In addition to the consumers receiving product information, they often get products of a varying quality. The state administration and its institutions do not sufficiently intervene through their inspections and the subsequent penalties. Therefore, manufacturers do not adhere to the rules governing the quality of the products, production technology, and the description of the goods, storage, distribution and other key elements which have an influence on the final form of the product. However, some of those independent institutions and associations, which focus on the foodstuffs market, carry out their own quality control tests on food products; their ingredients etc., thus helping the consumers. The EU agriculture policy governs all areas of agriculture and food production. It endeavours to protect the consumers and to regulate the food production and agricultural activities. Reactions to some problems are not sufficient, however. There should be more inspections, controls, as well as adequate penalties for the breaches of the rules.

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