CAPTURE THE OPPORTUNITY IN THE CZECH REPUBLIC

BUSINESS SWEDEN

20150413
Prague
THE CZECH REPUBLIC HAS BEEN EU MEMBER SINCE MAY 2004

ECONOMICAL AND MONETARY STABILITY, LEGISLATION COMPATIBLE WITH EU

- **Population:** 10,538,300
- **Area (km²):** 79,000
- **Capital:** Prague
- **Language:** Czech
- **Government:** Parliamentary democracy
- **Currency:** Czech Koruna

The Czech Republic is one of the most developed transitional economies in European Union

- The country's economic policy is consistent and foreseeable
- The strong and independent Czech National Bank has maintained exceptional monetary stability since 1991
- Laws pertaining to commerce, accounting and bankruptcy are compatible with Western standards
- Between 2004-2013 the Czech Republic got EU subsidies of €24 BSEK (€2.6 BEUR)*

SOURCE: MINISTRY OF FINANCE OF THE CZECH REPUBLIC, CZECH INVEST, CURRENCY CONVERTER www.oanda.com
CZECH ECONOMY IS ON A STRONG RECOVERY PATH

MAIN ECONOMIC INDICATORS, THE CZECH REPUBLIC (2010-2016 (F) %)

AFTER SEVERAL YEARS OF DEFLATIONARY PRESSURE, CZECH ECONOMY IS BACK ON TRACK

SOURCE: MINISTRY OF FINANCE OF THE CZECH REPUBLIC
790 BSEK (85BEUR) WORTH OF FDI HAVE BEEN PERFORMED IN THE CZECH REPUBLIC SINCE 1993

CUMULATIVE FDI INFLOW BY COUNTRY 1993-2013
TOTAL 790 BSEK*

Germany 23%
Netherlands 15%
Austria 13%
France 6%
United States 6%
Switzerland 5%
Belgium 4%
United Kingdom 3%
Japan 1%
Sweden 1%
Denmark 1%
Other 21%

CUMULATIVE FDI INFLOW BY SECTOR 1993-2013
TOTAL 790 BSEK*

Manufacturing 25%
Financial intermediation 25%
Real estate and business activities 16%
Trade, hotels and restaurants 14%
Transport, storage and communications 14%
Electricity, gas and water supply 4%
Construction 1%
Other 1%

GERMANY HEADING WITH 25 % COMPARED TO SWEDEN 1%, MEANING LARGE POTENTIAL FOR SWEDEN TO INCREASE FDI

TRADE BETWEEN SWEDEN AND THE CZECH REPUBLIC ACCOUNTS FOR MORE THAN 20 BSEK (2,2 BEUR)

- Swedish exports has been stable during the last several years, portraying minor growth
- Sweden remains net importer in trade relations with the Czech Republic
- Machinery and chemical products account for more than 80% of the Swedish exports to the Czech Republic
- Czech Republic is one of the major production destinations for the Swedish companies in the CEE, therefore, manufactured products account ¼ of all the exports to Sweden
- Followed by transport equipment and related parts - primarily Skoda Auto and other automotive OEMs on the market

SWEDISH EXPORT TO THE CZECH REPUBLIC, VALUE IN MSEK
APPROX. 200 SWEDISH COMPANIES HAVE LOCAL ESTABLISHMENT IN THE CZECH REPUBLIC

- Large sized companies
  - ABB
  - Alfa Laval
  - Astra Zeneca
  - H&M
  - IKEA
  - KappAhl
  - Lindab
  - Oriflame
  - SKF
  - Systemair
  - Volvo Truck Corporation

- Small and medium sized companies
  - Arjo Scandinavia
  - Arlaplast

- Local production activities
  - Assa Abloy
  - BE Group
  - Mölnlycke Health Care

SOURCE: BUSINESS SWEDEN
PROMISING SECTORS IN THE CZECH REPUBLIC

Automotive
- Dominant sector with long tradition. It attracts interest of many foreign companies that decide to manufacture in the CR due to favourable position and high quality of Czech engineers.

High – tech Mechanical Engineering
- The sector supplies equipment and machinery (turbines, transportation and air-conditioning equipment; agricultural, food-processing, construction machinery; and machine tools).

Health Care & Life Sciences
- The CR is an attractive location for contract R&D and manufacturing. Development of health care and life-sciences sector is supported by effective patent protection, public support for R&D etc.

Energy & Environment
- The Czech Republic offers investors in these areas both technical competence and manufacturing excellence that, combined with cost effectiveness, create favourable conditions for new investments.

Software & ICT
- The Czech Republic is one of Europe’s top locations for ICT investments. This fact is confirmed by the strong inflow of high-value-added projects of the world’s top ICT companies.

Retail
- It is expected that retail will continue its recovery and will experience a moderate increase in value sales. Disposable incomes and consumer confidence are predicted to grow.
CZECH ECONOMY IS PROSPERING AND STABLE WITH NATIONAL TARGETS SET IN LINE WITH EU AGENDA

A selection of CR´s National Reform Programme targets

- Improvement of tax collection and combatting tax evasion: electronic submission of tax returns in 2015
- Economic stability, efficiency and transparency of the public health system
- Reduction of greenhouse gas emissions by 40% at the EU level
- Decrease of the high energy intensity of the economy from 2014-2020: 13,29 TWh are planned to be saved (New Green Savings Programme 2013)
- Reduction of administration burdens, electronization of public administration
- Support of small and medium sized enterprises
- Development of digital infrastructure (ICT)
OVER 214 BSEK (23 BEUR) IS ALLOCATED FOR 2014-2020

EU FUNDS ALLOCATION IN THE CZECH REPUBLIC

OVER 214 BSEK (23 BEUR) IS ALLOCATED FOR 2014-2020

OP Rural development

Total OP budget: 21,4 BSEK (2,3 BEUR)
- Focus on improvement of water and air quality
- Waste treatment

OP Environment

Total OP budget: 24,2 BSEK (2,6 BEUR)
- Focus on improvement of water and air quality
- Waste treatment

OP Business and Innovation

Total OP budget: 40 BSEK (4,3 BEUR)
- Focus on small and medium sized companies
- Energy efficiency within business, access to high-speed internet etc.

OP Research, Development and Education

Total OP budget: 26 BSEK (2.8 BEUR)
- Focus on universities and their research activities

OP Employment

Total OP budget: 2,1 BEUR
- Support of education connected with market needs
- Social&healthcare transformation

OP Transportation

Total OP budget: 43,7 BSEK (4,7 BEUR)
- Development of environmentally friendly transportation systems
- Focus on road and railway infrastructure

Integrated Regional OP

Total OP budget: 42,8 BSEK (4.6 BEUR)
- Improvement of transportation in regions and public services
- Waste treatment

SOURCE: MINISTRY OF REGIONAL DEVELOPMENT, CURRENCY CONVERTER WWW.OANDA.COM
INVESTMENT INCENTIVES IN THE CZECH REPUBLIC

ONLY A LEGAL ENTITY WITH ITS REGISTERED OFFICE IN THE CZECH REPUBLIC CAN BE A RECIPIENT OF INVESTMENT INCENTIVES

SUPPORTED AREAS:

Corporate income tax relief: 10 years
Cash grants on capital investments: 10-25% of eligible costs
Conditions for each activity must be fulfilled within 3 years from the date on which the investment incentives are granted

- **Manufacturing industry**
  - Introduction or expansion of production in sectors of the manufacturing industry

- **Technology centres**
  - Construction or expansion of research and development centres

- **Business support services centres**
  - Launch or expansion of the activities of:
    - Shared service centres
    - Software-development centres
    - High-tech repair centres

- **Strategic investments**
  - The investor must invest at least CZK 200 million (7,3 MEUR/67,8 MSEK) within three years
CONTACT US

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